
State: District of Columbia **First Filing Company:** Great American Insurance Company, ...
TOI/Sub-TOI: 05.1 CMP Non-Liability Portion Only/05.1003 Commercial Package
Product Name: 18074 SBP Cyber Enhancement Endorsements and Rules
Project Name/Number: SBP Cyber Enhancement Endorsements and Rules/18074

Filing at a Glance

Companies: Great American Insurance Company
Great American Assurance Company
Great American Insurance Company of New York
Great American Alliance Insurance Company

Product Name: 18074 SBP Cyber Enhancement Endorsements and Rules

State: District of Columbia

TOI: 05.1 CMP Non-Liability Portion Only

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Author(s): Alison Clem

Reviewer(s): Carmen Belen (primary)

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General Information

Project Name: SBP Cyber Enhancement Endorsements and Rules Status of Filing in Domicile: Pending
Project Number: 18074 Domicile Status Comments:
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Created By: Alison Clem Submitted By: Alison Clem
Corresponding Filing Tracking Number: GACX-131481323

Filing Description:

The purpose of this filing is to introduce revisions to our Select Business Policy product.

A general description of the revisions is as follows:

This filing involves two similar forms:

SB 82 55 Cyber Enhancement Endorsement Business Income and Extra Expense Coverage Form Actual Loss Sustained up to 12 Months

SB 81 32 Select Business Policy Cyber Enhancement Endorsement

The forms are identical in the changes that were made and only have editorial changes to match the underlying coverage forms being modified i.e. both identically modify the language of the Select Business Policy Building and Personal Property Coverage Form and then each similarly modify either the Business Income and Extra Coverage Form or the Business Income and Extra Expense Coverage Form Actual Loss Sustained up to 12 Months.

Company and Contact

Filing Contact Information

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Filing Company Information

Great American Insurance Company	CoCode: 16691	State of Domicile: Ohio
301 E. 4th Street	Group Code: 84	Company Type:
Cincinnati, OH 45202	Group Name: Great American Insurance Group	State ID Number:
(513) 369-5000 ext. [Phone]	FEIN Number: 31-0501234	

Great American Assurance Company	CoCode: 26344	State of Domicile: Ohio
301 E. 4th Street	Group Code: 84	Company Type:
Cincinnati, OH 45202	Group Name: Great American Insurance Group	State ID Number:
(513) 369-5000 ext. [Phone]	FEIN Number: 15-6020948	

Great American Insurance Company of New York	CoCode: 22136	State of Domicile: New York
301 E. 4th Street	Group Code: 84	Company Type:
Cincinnati, OH 45202	Group Name: Great American Insurance Group	State ID Number:
(513) 369-5000 ext. [Phone]	FEIN Number: 13-5539046	

Great American Alliance Insurance Company	CoCode: 26832	State of Domicile: Ohio
301 E. 4th Street	Group Code: 84	Company Type:
Cincinnati, OH 45202	Group Name: Great American Insurance Group	State ID Number:
(513) 369-5000 ext. [Phone]	FEIN Number: 95-1542353	

Filing Fees

Fee Required? No
Retaliatory? No
Fee Explanation:

State:	District of Columbia	First Filing Company:	Great American Insurance Company, ...
TOI/Sub-TOI:	05.1 CMP Non-Liability Portion Only/05.1003 Commercial Package		
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Form Schedule

Item No.	Schedule Item Status	Form Name	Form Number	Edition Date	Form Type	Form Action	Action Specific Data		Readability Score	Attachments
1		SELECT BUSINESS POLICY CYBER ENHANCEMENT ENDORSEMENT	SB 81 32	(Ed. 03/18)	END	Replaced	Previous Filing Number:	GACX-G130038989	49.000	SB8132_0318.pdf
							Replaced Form Number:	SB 81 32 (05/15)		
2		SELECT BUSINESS POLICY CYBER ENHANCEMENT ENDORSEMENT BUSINESS INCOME AND EXTRA EXPENSE COVERAGE FORM ACTUAL LOSS SUSTAINED UP TO 12 MONTHS	SB 82 55	(Ed. 03/18)	END	Replaced	Previous Filing Number:	GACX-G130382250	48.000	SB8255_0318.pdf
							Replaced Form Number:	SB 82 55 (01/16)		

Form Type Legend:

ABE	Application/Binder/Enrollment	ADV	Advertising
BND	Bond	CER	Certificate
CNR	Canc/NonRen Notice	DEC	Declarations/Schedule
DSC	Disclosure/Notice	END	Endorsement/Amendment/Conditions
ERS	Election/Rejection/Supplemental Applications	OTH	Other

SELECT BUSINESS POLICY CYBER ENHANCEMENT ENDORSEMENT

Various provisions of this Policy restrict coverage. Read the entire Policy carefully to determine rights, duties and what is and is not covered.

Throughout this Policy the words, "you" and "your" refer to the Named Insured shown in the Declarations. The words, "we", "us", and "our" refer to the Company providing this insurance.

This Endorsement modifies and is subject to the insurance provided under the following:

SELECT BUSINESS POLICY BUILDING AND PERSONAL PROPERTY COVERAGE FORM
SELECT BUSINESS POLICY BUSINESS INCOME AND EXTRA EXPENSE COVERAGE FORM
SELECT BUSINESS POLICY CONDITIONS

Apart from such modifications, this Endorsement is otherwise subject to the terms and conditions of those forms.

The following Schedule lists the Aggregate Limits of Insurance provided by this Endorsement. For details on specific coverages, consult the actual policy wording.

Schedule

Endorsement Aggregate Limit of Insurance: \$

Aggregate Sublimit of Insurance	Deductible	Coverage
\$	\$ Not Applicable	Business Income Extension for Web Sites
\$	\$	Business "Computer" Coverage
\$	\$	Laptop Computers - Worldwide Coverage
\$	\$	Interruption of Computer Operations
\$	\$	Public Relations Expense
\$	\$	Security Breach Expense
\$	\$	Extortion Threats Expense

I. The following is added to **Select Business Policy Business Income and Extra Expense Coverage Form, E. Additional Coverages:**

e. Business Income Extension for Web Sites

Subject to **SELECT BUSINESS POLICY CYBER ENHANCEMENT ENDORSEMENT, Part VI. Endorsement Aggregate Limits of Insurance**, we will pay for loss of Business Income you sustain due to the necessary interruption of business operations on your web site, caused by or resulting from direct physical loss of or damage to the premises of a vendor acting as your web site's host or your internet service provider, if that direct physical loss or damage is caused by or results from a Covered Cause of Loss at that vendor's premises.

We will only pay for loss you sustain during the seven (7) day period immediately following the first twenty four (24) hours after the Covered Cause of Loss occurs.

This coverage applies only if you have a back-up copy of your web site stored at a location other than that of either the web site's host or the internet service provider.

II. E. Additional Coverages, 8. Electronic Data in the **Select Business Policy Building and Personal Property Coverage Form**, is deleted in its entirety and replaced by the following:

8. Business "Computer" Coverage

- (1) Subject to **SELECT BUSINESS POLICY CYBER ENHANCEMENT ENDORSEMENT**, Parts **VI. Endorsement Aggregate Limits of Insurance** and **VII. Deductible** and to the provisions of **8. Business "Computer" Coverage**, we will pay for loss or damage, directly caused by a Covered Cause of Loss anywhere in the Coverage Territory, to:
- (a) business "computers", including their component parts;
 - (b) digital media which are used to store "electronic data" used in, on, or by your business "computers";
 - (c) "electronic data" stored on such digital media, including your costs to research, replace or restore such "electronic data" or "software" which exists or existed on such digital media and that is lost or damaged as a result of loss or damage to your business "computer" at the described premises; and
 - (d) programming records, used for processing "electronic data" in, on, or by your business "computers".
- (2) Exclusions **C.2.a.** and **C.2.d.(6)**, of the **Select Business Policy Building and Business Personal Property Coverage Form**, do not apply to **8. Business "Computer" Coverage**.
- (3) As respects **8. Business "Computer" Coverage** only, the Covered Causes of Loss include the following:
- (a) mechanical failure, faulty assembly, or error in design of a covered business "computer";
 - (b) short circuit, blow-out or other electric or magnetic disturbance caused by artificially generated electric current;
 - (c) error or omission in the inspection, installation, configuration, maintenance, repair, or, servicing of a business "computer"; or
 - (d) damage to "electronic data" or digital media during operation of the business "computer", as a result of any one or more of the Causes of Loss described in **(a)**, **(b)**, or **(c)**.

III. The following are added to E. Additional Coverages in the Select Business Policy Building and Personal Property Coverage Form:

13. Laptop "Computers" - Worldwide Coverage

Subject to **SELECT BUSINESS POLICY CYBER ENHANCEMENT ENDORSEMENT**, Parts **VI. Endorsement Aggregate Limits of Insurance** and **VII. Deductible**, we will pay for direct physical loss of or damage to laptop, palmtop, and similar portable "computer" equipment and their accessories anywhere in the world, including while in transit, if such loss or damage results directly from a Covered Cause of Loss.

However, we will not pay under **13. Laptop "Computers" - Worldwide Coverage** for any loss or damage caused by, resulting from, or arising out of the loss or theft of any property while it is in transit as checked baggage.

14. Public Relations Expense

Subject to **SELECT BUSINESS POLICY CYBER ENHANCEMENT ENDORSEMENT**, Parts **VI. Endorsement Aggregate Limits of Insurance** and **VII. Deductible**, we will pay for your "public relations expenses" due to "negative publicity" resulting directly from an "e-commerce incident" or "security breach" sustained by you during the policy period.

15. Security Breach Expense

Subject to **SELECT BUSINESS POLICY CYBER ENHANCEMENT ENDORSEMENT**, Parts **VI. Endorsement Aggregate Limits of Insurance** and **VII. Deductible**, we will pay for "security breach expenses" resulting from a "security breach" sustained during the policy period.

16. Extortion Threats Expense

Subject to **SELECT BUSINESS POLICY CYBER ENHANCEMENT ENDORSEMENT**, Parts **VI. Endorsement Aggregate Limits of Insurance** and **VII. Deductible**, we will pay for "extortion expenses" you incur and "ransom payments" you pay, resulting directly from an "extortion threat" received by you during the "policy period". However, we will not pay for loss which results from or is in response to an "extortion threat", or any of a group or series of related "extortion threats", first received by you before the "policy period".

16. Extortion Threats Expense does not apply to any loss based upon, attributable to or arising out of any "ransom payment" made because of, or in response to, any "extortion threat" you determined or believed to be a hoax, stunt, or otherwise not credible when the "ransom payment" was made.

IV. Paragraph **c(3)** of **E. Additional Coverages, 4. Interruption of Computer Operations** in the **Select Business Policy Business Income and Extra Expense Coverage Form** is deleted in its entirety and replaced by the following:

(3) The Covered Causes of Loss include:

- (a)** an "e-commerce incident"; and
- (b)** an "extortion threat" received by you during the policy period.

Under **4. Interruption of Computer Operations**, an interruption in computer operations caused by an "e-commerce incident" is:

- (c)** an unanticipated cessation or slowdown of your "e-commerce activities" because of an "e-commerce incident"; or
- (d)** your suspension of your "e-commerce activities" for the purpose of avoiding or mitigating the possibility of transmitting a "virus" or malicious code to another.

Under this **4. Interruption of Computer Operations**, an interruption in computer operations caused by an "extortion threat" is:

- (e)** your voluntary suspension of your "e-commerce activities":
 - i. based upon clear evidence of a credible "extortion threat"; or
 - ii. based upon the recommendation of a security firm concerning an "extortion threat".

V. Select Business Policy Business Income and Extra Expense Coverage Form, E. Additional Coverages, 4. Interruption of Computer Operations, Paragraph d. is deleted in its entirety and replaced by the following:

- d.** Subject to the **SELECT BUSINESS POLICY CYBER ENHANCEMENT ENDORSEMENT**, Part **VI. Endorsement Aggregate Limits of Insurance**, the most we will pay under **E. Additional Coverages, 4. Interruption of Computer Operations**, for all loss sustained and expense incurred in any one policy period, regardless of the number of interruptions or the number of premises, locations, "computers", or "computer systems" involved, is the Interruption of Computer Operations Aggregate Sublimit of Insurance shown in the Schedule of the **Select Business Policy Cyber Enhancement Endorsement**. If loss payment relating to the first interruption does not exhaust this amount, then the balance is available for loss sustained or expense incurred as a result of subsequent interruptions during that policy period. Any balance remaining at the end of a policy period does not carry over into, or increase the amount of insurance available in, any later policy period. With respect to any interruption which begins in one policy period and continues or results in additional loss or expense in any subsequent policy period(s), all loss and expense is deemed to be sustained or incurred in the policy period in which interruption begins.

VI. Endorsement Aggregate Limits of Insurance

1. Endorsement Aggregate Limit of Insurance

The most we will pay under this **SELECT BUSINESS POLICY CYBER ENHANCEMENT ENDORSEMENT** for the sum of all loss, damage, "public relations expenses", "security breach expenses" and "extortion threat expenses", if covered, is the Endorsement Aggregate Limit of Insurance shown in the Schedule. The Endorsement Aggregate Limit of Insurance shall be reduced by the amount of any payment made under the terms of this Endorsement. Upon exhaustion of the Endorsement Aggregate of Limit of Insurance by such payments, we will have no further obligations of any kind under this Endorsement.

2. Aggregate Sublimit(s) of Insurance

Subject to **VI. Endorsement Aggregate Limits of Insurance, 1. Endorsement Aggregate Limit of Insurance**, the most we will pay under:

- a.** Part **I., e. Business Income Extension for Websites** for the sum of all loss and damage as a result of any one interruption, is the Business Income Extension for Websites Aggregate Sublimit of Insurance shown in the Schedule.
- b.** Part **II., 8. Business "Computer" Coverage** for the sum of all loss and damage caused by any one occurrence at each described location, is the Business "Computer" Coverage Aggregate Sublimit of Insurance shown in the Schedule.
- c.** Part **III., 13. Laptop "Computers" - Worldwide Coverage** for the sum of all loss and damage resulting from a single occurrence is the Laptop Computers - Worldwide Coverage Aggregate Sublimit of Insurance shown in the Schedule.
- d.** Part **III., 14. Public Relations Expense** for the sum of all "public relations expenses" as a result of any one "e-commerce incident" or "security breach", is the Public Relations Expense Aggregate Sublimit of Insurance shown in the Schedule.
- e.** Part **III., 15. Security Breach Expense** for the sum of all "security breach expenses" as a result of any one "security breach", is the Security Breach Expense Aggregate Sublimit of Insurance shown in the Schedule.
- f.** Part **III., 16. Extortion Threats Expense** for the sum of all loss resulting from any one "extortion threat", or from any one group or series of related "extortion threats", is the Extortion Threats Expense Aggregate Sublimit of Insurance shown in the Schedule.

The Aggregate Sublimit(s) of Insurance in Part **V., Paragraph d.** and Part **VI. Endorsement Aggregate Limits of Insurance, Paragraphs 2.a. through 2.f.** are part of, not in addition to, the Endorsement

Aggregate Limit of Insurance. Any such Aggregate Sublimit(s) of Insurance shall be reduced by the amount of any payment for loss, damage, "public relations expenses", "security breach expenses" and "extortion threat expenses" under the applicable Parts of this Endorsement to which such Aggregate Sublimit of Insurance applies. Upon exhaustion of any Aggregate Sublimit of Insurance by such payments, we will have no further obligations or liability of any kind with respect to loss, damage, "public relations expenses", "security breach expenses" and "extortion threat expenses" subject to such Aggregate Sublimit of Insurance.

VII. Deductible

Subject to **Part VI. Endorsement Aggregate Limits of Insurance:**

- a. under Part II., **8. Business "Computer" Coverage** we will pay only the amount of loss and damage which is in excess of the Business "Computer" Coverage Deductible shown in the Schedule.
- b. under Part III., **13. Laptop "Computers" - Worldwide Coverage** we will pay only the amount of loss and damage which is in excess of the Laptop Computers - Worldwide Coverage Deductible shown in the Schedule.
- c. under Part III., **14. Public Relations Expense** we will pay only the amount of "public relations expenses" which is in excess of the Public Relations Expense Deductible shown in the Schedule.
- d. under Part III., **15. Security Breach Expense** we will pay only the amount of "security breach expenses" which are in excess of the Security Breach Expense Deductible shown in the Schedule.
- e. under Part III., **16. Extortion Threats Expense** we will pay only the amount of loss which is in excess of the Extortion Threats Expense Deductible shown in the Schedule.
- f. under Part V., **4. Interruption of Computer Operations** we will pay for only the amount of loss and expense that together is in excess of the greater of the following:
 - (1) the Interruption of Computer Operations Deductible in the Schedule of this endorsement; or
 - (2) the amount of loss and expense incurred during the first 24 hours immediately after the interruption begins.

VIII. The following is added to **Select Business Policy Conditions, Loss Conditions, D. Loss Payment:**

- 10. With respect to loss covered in **Select Business Policy Business Income and Extra Expense Coverage Form, E. Additional Coverages, 4. Interruption of Computer Operations, c.(3):**
 - a. The amount of business income loss will be determined based on consideration of:
 - (1) the net income generated from your "e-commerce activities" before the interruption occurred;
 - (2) the likely net income generated from your "e-commerce activities" if no interruption had occurred, but not including any net income that would likely have been earned as a result of an increase in the volume of business due to favorable business conditions caused by the impact of the "e-commerce incident" on customers or on other businesses;
 - (3) the extent to which the amount of business income loss is reduced by:
 - (a) increased orders received by other means during the interruption; or
 - (b) backlogged orders received through your web site after the interruption ends;
 - (4) the operating expenses, including payroll, necessary to resume your "e-commerce activities" with the same quality of service that existed before the interruption; and

- (5) other relevant sources of information, including your financial records and accounting procedures, bills, invoices and other vouchers, and debts, liens and contracts.

However, the amount of business income loss will be reduced to the extent that the reduction in the volume of business from the affected "e-commerce activities" is offset by an increase in the volume of business from other channels of commerce such as via telephone, mail or other sources.

- b. The amount of extra expense will be determined based on:
 - (1) necessary expenses that exceed normal operating expenses that would have been incurred in the course of your "e-commerce activities" during the period of coverage if no interruption had occurred. We will deduct from the total of such expenses the salvage value that remains of any property bought for temporary use during the period of coverage, once your "e-commerce activities" are resumed; and
 - (2) necessary expenses that reduce the business income loss that otherwise would have been incurred during the period of coverage.
- c. With respect to both Loss of Business Income and Extra Expense, an interruption in computer operations:
 - (1) caused by an "e-commerce incident" is deemed to begin when your "e-commerce activities" are first interrupted by the "e-commerce incident" or first suspended by you, and ends at the earliest of:
 - (a) 90 days after the interruption begins;
 - (b) the time when your "e-commerce activities" are resumed; or
 - (c) the time when internet service is restored to you.
 - (2) caused by an "extortion threat" is deemed to begin when your "e-commerce activities" are first interrupted and ends at the earliest of:
 - (a) 14 days after the interruption begins;
 - (b) the time when your "e-commerce activities" are resumed; or
 - (c) the time when service is restored to you.

IX. The following additional exclusions are added to **Select Business Policy Building and Personal Property Coverage Form, C. Exclusions, 2. and apply to the coverage provided by this Endorsement only:**

- n. Unexplained or indeterminable failure, malfunction or slowdown of a "computer system", or of any "electronic data" in or on a "computer system", or any inability to access or properly manipulate such "electronic data".
- o. Interruption in normal computer function or network service or function due to insufficient capacity to process transactions or due to an overload of activity on a "computer system" or network. However, this exclusion does not apply if such interruption is caused by an "e-commerce incident".
- p. Complete or substantial failure, disablement or shutdown of the Internet, regardless of the cause.
- q. Failure, reduction in or surge of electrical power.
- r. Malfunction or failure of any satellite.

X. The following are added to **Select Business Policy Business Income and Extra Expense Coverage Form, D. Special Exclusions**, and apply to the coverage provided by this Endorsement only:

7. Any costs, fees or other expenses you incur in establishing either the existence or the amount of any loss covered under this Policy.
8. Any costs, fees or other expenses associated with upgrading or improving a "computer system", regardless of the reason for the upgrade or improvement.

XI. The following additional **Definitions** apply to this Policy:

1. **"Computer"** means:

- a. a programmable electronic device that can store, retrieve and process "electronic data"; and
- b. its associated peripheral equipment that provides communication, including input and output functions such as printing and auxiliary functions such as "electronic data" transmission.

However, "computer" does not include any such device that is used to control, direct, regulate, or operate any:

- i. heating, ventilation, air conditioning, plumbing, waste disposal, or other system of a building or structure, or any one or more components of such a system;
- ii. elevator, escalator, crane, conveyor, hoist, or other device or system used for moving people, goods, materials, cargo, or otherwise, or any one or more components of such a system;
- iii. vehicle, conveyance, or other transportation equipment or system, whether used to transport persons, goods, materials, cargo, or otherwise, or any one or more components of such a system;
- iv. controlled entry, anti-theft, or other security system, or any one or more components of such a system;
- v. production-type machinery or equipment.

2. **"Computer system"** means the following, but only if owned by you or licensed or leased to you by another:

- a. "Computers", Personal Digital Assistants (PDAs) and other transportable or handheld devices, electronic storage devices and related peripheral components;
- b. "Software"; and
- c. Related communications networks;

by which "electronic data" is collected, transmitted, processed, stored or retrieved.

3. **"Electronic data"** means digital information, facts, images or sounds stored as or on, created or used on, or transmitted to or from computer software (including systems and applications software) or on electronic storage devices including, but not limited to, hard or floppy disks, CD-ROMS, tapes, drives, cells, data processing devices or any other digital media which are used with electronically controlled equipment. "Electronic data" includes "valuable papers and records" that have been converted to digital form. "Electronic data" is not tangible property.

"Electronic data" does not include any insured's "electronic data" that is licensed, leased, rented or loaned to others.

4. **"E-commerce activities"** means those activities conducted by you in the normal conduct of your business via your web site or your e-mail system.
5. **"E-commerce incident"** means a:
- a. "virus";
 - b. malicious code; or
 - c. denial of service attack;
- introduced into or enacted upon either:
- i. a "computer system" (including "electronic data" in or on that "computer system") at the described premises; or
 - ii. a network to which that "computer system" is connected;
- and that is designed to damage, destroy, delete, corrupt or prevent the use or access to any part of the "computer system" or otherwise disrupt its normal operation.
6. **"Extortion expenses"** means:
- a. fees and costs of:
 - (1) a security firm; or
 - (2) other consultant, person, or organization;hired with our consent to determine the validity and severity of an "extortion threat" made against you;
 - b. interest costs paid by you for any loan from a financial institution, taken by you to make a "ransom payment";
 - c. reward money paid by you to an informant, which leads to the arrest and conviction of parties responsible for an "extortion threat"; and
 - d. any other reasonable expenses incurred by you with our consent, including:
 - (1) fees and costs of independent negotiators; and
 - (2) fees and costs of a company hired by you, upon the recommendation of a security firm, to protect your "electronic data" from further threats.
7. **"Extortion threat"** means a threat, or a group or series of related threats:
- a. to cause an "e-commerce incident";
 - b. to disseminate, divulge or utilize:
 - (1) your proprietary information; or
 - (2) weaknesses in the source code;within the "computer system" by gaining unauthorized access to the "computer system";
 - c. to destroy, corrupt or prevent normal access to the "computer system" by gaining unauthorized access to the "computer system";

- d. to inflict "ransomware" on a "computer system" or a network to which it is connected; or
 - e. to publish your client's "personal information".
8. **"Negative publicity"** means information which has been made public that has caused, or is reasonably likely to cause, a decline or deterioration in your reputation or in the reputation of one or more of your products or services.
9. **"Personal information"** means any information not available to the general public for any reason through which an individual may be identified including, but not limited to, an individual's:
- a. social security number, driver's license number or state identification number;
 - b. protected health information;
 - c. financial account numbers;
 - d. security codes, passwords, PINs associated with credit, debit or charge card numbers which would permit access to financial accounts; or
 - e. any other nonpublic information as defined in "privacy regulations".
10. **"Public relations expenses"** means:
- a. fees and costs of a public relations firm you retain; and
 - b. any other reasonable expenses incurred by you with our written consent;
- to protect or restore your reputation solely in response to "negative publicity".
11. **"Ransom payment"** means a payment made in compliance with a demand or requirement made by "ransomware".
12. **"Ransomware"** means any "software" that:
- a. encrypts "electronic data" held within a "computer system"; or
 - b. disables a system service or process; or
 - c. locks the display at system startup;
- and demands or requires a "ransom payment" to decrypt and restore such "electronic data", re-enable the service or process, or unlock the display.
13. **"Security breach"** means:
- The acquisition of "personal information" held within the "computer system" or in nonelectronic format while in the care, custody or control of the insured or authorized "third party" by a person:
- a. who is not authorized to have access to such information; or
 - b. who is authorized to have access to such information but whose access results in the unauthorized disclosure of such information.
14. **"Security breach expenses"** means:
- a. costs to establish whether a "security breach" has occurred or is occurring;

- b. costs to investigate the cause, scope and extent of a "security breach" and to identify any affected parties;
- c. costs to determine any action necessary to correct or remediate the conditions that led to or resulted from a "security breach";
- d. costs to notify all parties affected by a "security breach";
- e. overtime salaries paid to your permanent, temporary, or leased employees, or to your officers, partners, or members, for work handling inquiries from the parties affected by a "security breach";
- f. fees and costs an insured pays to a company hired by you for the purpose of operating a call center to handle inquiries from the parties affected by a "security breach";
- g. post event credit monitoring costs for the parties affected by a "security breach", for up to one year from the date of notification of those affected parties of such "security breach". Credit monitoring means monitoring changes in a victim's credit file;
- h. the costs of fraud monitoring for victims of a "security breach", for up to one year from the date of notification of those affected parties of such "security breach". Fraud monitoring means electronic notification to individuals of changes in their personal identifying information in monitored databases; and
- i. any other reasonable expenses incurred by you with our written consent, in connection with a "security breach".

"Security breach expenses" do not include any costs or expenses associated with upgrading, maintaining, improving, repairing or remediating any "computer system", whether as a result of, or to prevent, a "security breach", or for any other reason.

- 15. **"Software"** includes both operating systems and applications software.
- 16. **"Virus"** means any kind of malicious code designed to damage or destroy any part of a "computer system" (including "electronic data" in or on the "computer system") or disrupt its normal functioning.
- 17. **"Third Party"** means any entity that you engage under the terms of a written contract to perform services for you.

XII. The following is added to **Select Business Policy Conditions:**

K. Protective Safeguards

- 1. As a condition of the insurance specified below, you are required to:
 - a. maintain password protection on all computers and other components of each "computer system". This requirement applies also to all Personal Digital Assistants (PDAs) and other transportable or handheld devices, electronic storage devices, and related peripheral components that permit the use of password protection;
 - b. install and use, on each "computer", antivirus software that:
 - (1) can automatically download program updates and updated virus definitions; and
 - (2) is set to automatically download program updates and updated virus definitions; and

- c. set the operating system of each "computer" to automatically download and install all security updates provided by the publisher of the operating system.

We will not pay for any loss of any kind that results, directly or indirectly, from failure to comply with any part of this condition.

This condition applies only to insurance afforded pursuant to any one or more of the following:

- i. **Select Business Policy Business Income and Extra Expense Coverage Form, E. Additional Coverages, 6. Business Income Extension for Web Sites;**
- ii. **Select Business Policy Building and Personal Property Coverage Form, A. Coverage, E. Additional Coverages: 8. Business Computer Coverage, 9. Laptop Computers - Worldwide Coverage, 10. Public Relations Expense, 11. Security Breach Expense, or 12. Extortion Threat Expense; or**
- iii. **Select Business Policy Business Income and Extra Expense Coverage Form, E. Additional Coverages, 4. Interruption of Computer Operations.**

Except as expressly stated above, this Endorsement does not change any other provision of the Policy.

**SELECT BUSINESS POLICY
CYBER ENHANCEMENT ENDORSEMENT
BUSINESS INCOME AND EXTRA EXPENSE COVERAGE FORM
ACTUAL LOSS SUSTAINED UP TO 12 MONTHS**

Various provisions of this Policy restrict coverage. Read the entire Policy carefully to determine rights, duties and what is and is not covered.

Throughout this Policy the words, "you" and "your" refer to the Named Insured shown in the Declarations. The words, "we", "us", and "our" refer to the Company providing this insurance.

This Endorsement modifies and is subject to the insurance provided under the following:

SELECT BUSINESS POLICY BUILDING AND PERSONAL PROPERTY COVERAGE FORM
SELECT BUSINESS POLICY BUSINESS INCOME AND EXTRA EXPENSE COVERAGE FORM - ACTUAL LOSS
SUSTAINED UP TO 12 MONTHS
SELECT BUSINESS POLICY CONDITIONS

Apart from such modifications, this Endorsement is otherwise subject to the terms and conditions of those forms.

The following Schedule lists the Aggregate Limits of Insurance provided by this Endorsement. For details on specific coverages, consult the actual policy wording.

Schedule

Endorsement Aggregate Limit of Insurance: \$

Aggregate Sublimit of Insurance	Deductible	Coverage
\$	\$ Not Applicable	Business Income Extension for Web Sites
\$	\$	Business "Computer" Coverage
\$	\$	Laptop Computers - Worldwide Coverage
\$	\$	Interruption of Computer Operations
\$	\$	Public Relations Expense
\$	\$	Security Breach Expense
\$	\$	Extortion Threats Expense

- I. The following is added to **Select Business Policy Business Income and Extra Expense Coverage Form - Actual Loss Sustained Up To 12 Months, E. Additional Coverages:**

6. Business Income Extension for Web Sites

Subject to **SELECT BUSINESS POLICY CYBER ENHANCEMENT ENDORSEMENT BUSINESS INCOME AND EXTRA EXPENSE COVERAGE FORM ACTUAL LOSS SUSTAINED UP TO 12 MONTHS**, Part VI. **Endorsement Aggregate Limits of Insurance** of this Endorsement, we will pay for loss of Business Income you sustain due to the necessary interruption of business operations on your web site, caused by or resulting from direct physical loss of or damage to the premises of a vendor acting as your web site's host or your internet service provider, if that direct physical loss or damage is caused by or results from a Covered Cause of Loss at that vendor's premises.

We will pay for loss you sustain during the seven (7) day period immediately following the first twenty four (24) hours after the Covered Cause of Loss occurs.

This coverage applies only if you have a back-up copy of your web site stored at a location other than that of either the web site's host or the internet service provider.

II. E. Additional Coverages, 8. Electronic Data in the Select Business Policy Building and Personal Property Coverage Form, is deleted in its entirety and replaced by the following:

8. Business "Computer" Coverage

- (1) Subject to **SELECT BUSINESS POLICY CYBER ENHANCEMENT ENDORSEMENT BUSINESS INCOME AND EXTRA EXPENSE COVERAGE FORM ACTUAL LOSS SUSTAINED UP TO 12 MONTHS**, Parts **VI. Endorsement Aggregate Limits of Insurance** and **VII. Deductible** and to the provisions of **8. Business "Computer" Coverage**, we will pay for loss or damage, directly caused by a Covered Cause of Loss anywhere in the Coverage Territory, to:
 - (a) business "computers", including their component parts;
 - (b) digital media which are used to store "electronic data" used in, on, or by your business "computers";
 - (c) "electronic data" stored on such digital media, including your costs to research, replace or restore such "electronic data" or "software" which exists or existed on such digital media and that is lost or damaged as a result of loss or damage to your business "computer" at the described premises; and
 - (d) programming records, used for processing "electronic data" in, on, or by your business "computers".
- (2) Exclusions **C.2.a.** and **C.2.d.(6)**, of the **Select Business Policy Building and Business Personal Property Coverage Form**, do not apply to **8. Business "Computer" Coverage**.
- (3) As respects **8. Business "Computer" Coverage** only, the Covered Causes of Loss include the following:
 - (a) mechanical failure, faulty assembly, or error in design of a covered business "computer";
 - (b) short circuit, blow-out or other electric or magnetic disturbance caused by artificially generated electric current;
 - (c) error or omission in the inspection, installation, configuration, maintenance, repair, or, servicing of a business "computer"; or
 - (d) damage to "electronic data" or digital media during operation of the business "computer", as a result of any one or more of the Causes of Loss described in **(a)**, **(b)**, or **(c)**.

III. The following are added to E. Additional Coverages in the Select Business Policy Building and Personal Property Coverage Form:

13. Laptop "Computers" - Worldwide Coverage

Subject to **SELECT BUSINESS POLICY CYBER ENHANCEMENT ENDORSEMENT BUSINESS INCOME AND EXTRA EXPENSE COVERAGE FORM ACTUAL LOSS SUSTAINED UP TO 12 MONTHS**, Parts **VI. Endorsement Aggregate Limits of Insurance** and **VII. Deductible**, we will pay for direct physical loss of or damage to laptop, palmtop, and similar portable "computer" equipment and their accessories anywhere in the world, including while in transit, if such loss or damage results directly from a Covered Cause of Loss.

However, we will not pay under **13. Laptop "Computers" - Worldwide Coverage** for any loss or damage caused by, resulting from, or arising out of the loss or theft of any property while it is in transit as checked baggage.

14. Public Relations Expense

Subject to **SELECT BUSINESS POLICY CYBER ENHANCEMENT ENDORSEMENT BUSINESS INCOME AND EXTRA EXPENSE COVERAGE FORM ACTUAL LOSS SUSTAINED UP TO 12 MONTHS**, Parts VI. **Endorsement Aggregate Limits of Insurance** and VII. **Deductible**, we will pay for your "public relations expenses" due to "negative publicity" resulting directly from an "e-commerce incident" or "security breach" sustained by you during the policy period.

15. Security Breach Expense

Subject to **SELECT BUSINESS POLICY CYBER ENHANCEMENT ENDORSEMENT BUSINESS INCOME AND EXTRA EXPENSE COVERAGE FORM ACTUAL LOSS SUSTAINED UP TO 12 MONTHS**, Parts VI. **Endorsement Aggregate Limits of Insurance** and VII. **Deductible**, we will pay for "security breach expenses" resulting from a "security breach" sustained during the policy period.

16. Extortion Threat Expense

Subject to **SELECT BUSINESS POLICY CYBER ENHANCEMENT ENDORSEMENT BUSINESS INCOME AND EXTRA EXPENSE COVERAGE FORM ACTUAL LOSS SUSTAINED UP TO 12 MONTHS**, Parts VI. **Endorsement Aggregate Limits of Insurance** and VII. **Deductible**, we will pay for "extortion expenses" you incur and "ransom payments" you pay, resulting directly from an "extortion threat" received by you during the "policy period". However, we will not pay for loss which results from or is in response to an "extortion threat", or any of a group or series of related "extortion threats", first received by you before the "policy period".

16. Extortion Threat Expense does not apply to any loss based upon, attributable to or arising out of any "ransom payment" made because of, or in response to, any "extortion threat" you determined or believed to be a hoax, stunt, or otherwise not credible when the "ransom payment" was made.

IV. Paragraph **c(3)** of **E. Additional Coverages, 4. Interruption of Computer Operations** in the **Select Business Policy Business Income and Extra Expense Coverage Form - Actual Loss Sustained Up To 12 Months** is deleted in its entirety and replaced by the following:

(3) The Covered Causes of Loss include:

- (a)** an "e-commerce incident"; and
- (b)** an "extortion threat" received by you during the policy period.

Under **4. Interruption of Computer Operations**, an interruption in computer operations caused by an "e-commerce incident" is:

- (c)** an unanticipated cessation or slowdown of your "e-commerce activities" because of an "e-commerce incident"; or
- (d)** your suspension of your "e-commerce activities" for the purpose of avoiding or mitigating the possibility of transmitting a "virus" or malicious code to another.

Under **4. Interruption of Computer Operations**, an interruption in computer operations caused by an "extortion threat" is:

- (e)** your voluntary suspension of your "e-commerce activities":
 - i. based upon clear evidence of a credible "extortion threat"; or

ii. based upon the recommendation of a security firm concerning an "extortion threat".

V. Select Business Policy Business Income and Extra Expense Coverage Form - Actual Loss Sustained Up To 12 Months, E. Additional Coverages, 4. Interruption of Computer Operations in Paragraph d. is deleted in its entirety and replaced by the following:

- d. Subject to the **SELECT BUSINESS POLICY CYBER ENHANCEMENT ENDORSEMENT BUSINESS INCOME AND EXTRA EXPENSE COVERAGE FORM ACTUAL LOSS SUSTAINED UP TO 12 MONTHS**, Part VI. **Endorsement Aggregate Limits of Insurance**, the most we will pay under **E. Additional Coverages, 4. Interruption of Computer Operations**, for all loss sustained and expense incurred in any one policy period, regardless of the number of interruptions or the number of premises, locations, "computers", or "computer systems" involved, is the Interruption of Computer Operations Aggregate Sublimit of Insurance shown in the Schedule of the **SELECT BUSINESS POLICY CYBER ENHANCEMENT ENDORSEMENT BUSINESS INCOME AND EXTRA EXPENSE COVERAGE FORM ACTUAL LOSS SUSTAINED UP TO 12 MONTHS**. If loss payment relating to the first interruption does not exhaust this amount, then the balance is available for loss sustained or expense incurred as a result of subsequent interruptions during that policy period. Any balance remaining at the end of a policy period does not carry over into, or increase the amount of insurance available in, any later policy period. With respect to any interruption which begins in one policy period and continues or results in additional loss or expense in any subsequent policy period(s), all loss and expense is deemed to be sustained or incurred in the policy period in which interruption begins.

VI. Endorsement Aggregate Limits of Insurance

1. Endorsement Aggregate Limit of Insurance

The most we will pay under this **SELECT BUSINESS POLICY CYBER ENHANCEMENT ENDORSEMENT BUSINESS INCOME AND EXTRA EXPENSE COVERAGE FORM ACTUAL LOSS SUSTAINED UP TO 12 MONTHS** for the sum of all loss, damage, "public relations expenses", "security breach expenses" and "extortion threat expenses", if covered, is the Endorsement Aggregate Limit of Insurance shown in the Schedule. The Endorsement Aggregate Limit of Insurance shall be reduced by the amount of any payment made under the terms of this Endorsement. Upon exhaustion of the Endorsement Aggregate of Limit of Insurance by such payments, we will have no further obligations of any kind under this Endorsement.

2. Aggregate Sublimit(s) of Insurance

Subject to **VI. Endorsement Aggregate Limits of Insurance, 1. Endorsement Aggregate Limit of Insurance**, the most we will pay under:

- a. **Part I., e. Business Income Extension for Websites** for the sum of all loss and damage as a result of any one interruption, is the Business Income Extension for Websites Aggregate Sublimit of Insurance shown in the Schedule.
- b. **Part II., 8. Business "Computer" Coverage** for the sum of all loss and damage caused by any one occurrence at each described location, is the Business "Computer" Coverage Aggregate Sublimit of Insurance shown in the Schedule.
- c. **Part III., 13. Laptop "Computers" - Worldwide Coverage** for the sum of all loss and damage resulting from a single occurrence is the Laptop Computers - Worldwide Coverage Aggregate Sublimit of Insurance shown in the Schedule.
- d. **Part III., 14. Public Relations Expense** for the sum of all "public relations expenses" as a result of any one "e-commerce incident" or "security breach", is the Public Relations Expense Aggregate Sublimit of Insurance shown in the Schedule.
- e. **Part III., 15. Security Breach Expense** for the sum of all "security breach expenses" as a result of any one "security breach", is the Security Breach Expense Aggregate Sublimit of Insurance shown in the Schedule.

- f. **Part III., 16. Extortion Threats Expense** for the sum of all loss resulting from any one "extortion threat", or from any one group or series of related "extortion threats", is the Extortion Threats Expense Aggregate Sublimit of Insurance shown in the Schedule.

The Aggregate Sublimit(s) of Insurance in Part V., Paragraph d. and Part VI. **Endorsement Aggregate Limits of Insurance**, Paragraphs 2.a. through 2.f. are part of, not in addition to, the Endorsement Aggregate Limit of Insurance. Any such Aggregate Sublimit(s) of Insurance shall be reduced by the amount of any payment for loss, damage, "public relations expenses", "security breach expenses" and "extortion threat expenses" under the applicable Parts of this Endorsement to which such Aggregate Sublimit of Insurance applies. Upon exhaustion of any Aggregate Sublimit of Insurance by such payments, we will have no further obligations or liability of any kind with respect to loss, damage, "public relations expenses", "security breach expenses" and "extortion threat expenses" subject to such Aggregate Sublimit of Insurance.

VII. Deductible

Subject to Part VI. **Endorsement Aggregate Limits of Insurance**:

- a. under Part II., **8. Business "Computer" Coverage** we will pay only the amount of loss and damage which is in excess of the Business "Computer" Coverage Deductible shown in the Schedule.
- b. under Part III., **13. Laptop "Computers" - Worldwide Coverage** we will pay only the amount of loss and damage which is in excess of the Laptop Computers - Worldwide Coverage Deductible shown in the Schedule.
- c. under Part III., **14. Public Relations Expense** we will pay only the amount of "public relations expenses" which is in excess of the Public Relations Expense Deductible shown in the Schedule.
- d. under Part III., **15. Security Breach Expense** we will pay only the amount of "security breach expenses" which are in excess of the Security Breach Expense Deductible shown in the Schedule.
- e. under Part III., **16. Extortion Threats Expense** we will pay only the amount of loss which is in excess of the Extortion Threats Expense Deductible shown in the Schedule.
- f. under Part V., **4. Interruption of Computer Operations** we will pay for only the amount of loss and expense that together is in excess of the greater of the following:
 - (1) the Interruption of Computer Operations Deductible in the Schedule of this endorsement; or
 - (2) the amount of loss and expense incurred during the first 24 hours immediately after the interruption begins.

VIII. The following is added to **Select Business Policy Conditions, Loss Conditions, D. Loss Payment**:

- 10. With respect to loss covered in **Select Business Policy Business Income and Extra Expense Coverage Form - Actual Loss Sustained Up To 12 Months, E. Additional Coverages, 4. Interruption of Computer Operations, c.(3)**:
 - a. The amount of business income loss will be determined based on consideration of:
 - (1) the net income generated from your "e-commerce activities" before the interruption occurred;
 - (2) the likely net income generated from your "e-commerce activities" if no interruption had occurred, but not including any net income that would likely have been earned as a result of an increase in the volume of business due to favorable business conditions caused by the impact of the "e-commerce incident" on customers or on other businesses;
 - (3) the extent to which the amount of business income loss is reduced by:

- (a) increased orders received by other means during the interruption; or
- (b) backlogged orders received through your web site after the interruption ends;
- (4) the operating expenses, including payroll, necessary to resume your "e-commerce activities" with the same quality of service that existed before the interruption; and
- (5) other relevant sources of information, including your financial records and accounting procedures, bills, invoices and other vouchers, and debts, liens and contracts.

However, the amount of business income loss will be reduced to the extent that the reduction in the volume of business from the affected "e-commerce activities" is offset by an increase in the volume of business from other channels of commerce such as via telephone, mail or other sources.

- b. The amount of extra expense will be determined based on:
 - (1) necessary expenses that exceed normal operating expenses that would have been incurred in the course of your "e-commerce activities" during the period of coverage if no interruption had occurred. We will deduct from the total of such expenses the salvage value that remains of any property bought for temporary use during the period of coverage, once your "e-commerce activities" are resumed; and
 - (2) necessary expenses that reduce the business income loss that otherwise would have been incurred during the period of coverage.
- c. With respect to both Loss of Business Income and Extra Expense, an interruption in computer operations:
 - (1) caused by an "e-commerce incident" is deemed to begin when your "e-commerce activities" are first interrupted by the "e-commerce incident" or first suspended by you, and ends at the earliest of:
 - (a) 90 days after the interruption begins;
 - (b) the time when your "e-commerce activities" are resumed; or
 - (c) the time when internet service is restored to you.
 - (2) caused by an "extortion threat" is deemed to begin when your "e-commerce activities" are first interrupted and ends at the earliest of:
 - (a) 14 days after the interruption begins;
 - (b) the time when your "e-commerce activities" are resumed; or
 - (c) the time when service is restored to you.

IX. The following additional exclusions are added to **Select Business Policy Building and Personal Property Coverage Form, C. Exclusions, 2. and apply to the coverage provided by this endorsement only:**

- n. Unexplained or indeterminable failure, malfunction or slowdown of a "computer system", or of any "electronic data" in or on a "computer system", or any inability to access or properly manipulate such "electronic data".
- o. Interruption in normal computer function or network service or function due to insufficient capacity to process transactions or due to an overload of activity on a "computer system" or network. However, this exclusion does not apply if such interruption is caused by an "e-commerce incident".
- p. Complete or substantial failure, disablement or shutdown of the Internet, regardless of the cause.

- q. Failure, reduction in or surge of electrical power.
 - r. Malfunction or failure of any satellite.
- X. The following is added to **Select Business Policy Business Income and Extra Expense Coverage Form - Actual Loss Sustained Up To 12 Months, D. Special Exclusions**, and apply to the coverage provided by this endorsement only:
- 7. Any costs, fees or other expenses you incur in establishing either the existence or the amount of any loss covered under this Policy.
 - 8. Any costs, fees or other expenses associated with upgrading or improving a "computer system", regardless of the reason for the upgrade or improvement.
- XI. The following additional **Definitions** apply to this Policy:
- 1. **"Computer"** means:
 - a. a programmable electronic device that can store, retrieve and process "electronic data"; and
 - b. its associated peripheral equipment that provides communication, including input and output functions such as printing and auxiliary functions such as "electronic data" transmission.
- However, "computer" does not include any such device that is used to control, direct, regulate, or operate any:
- i. heating, ventilation, air conditioning, plumbing, waste disposal, or other system of a building or structure, or any one or more components of such a system;
 - ii. elevator, escalator, crane, conveyor, hoist, or other device or system used for moving people, goods, materials, cargo, or otherwise, or any one or more components of such a system;
 - iii. vehicle, conveyance, or other transportation equipment or system, whether used to transport persons, goods, materials, cargo, or otherwise, or any one or more components of such a system;
 - iv. controlled entry, anti-theft, or other security system, or any one or more components of such a system;
 - v. production-type machinery or equipment.
- 2. **"Computer system"** means the following, but only if owned by you or licensed or leased to you by another:
 - a. "Computers", Personal Digital Assistants (PDAs) and other transportable or handheld devices, electronic storage devices and related peripheral components;
 - b. "Software"; and
 - c. Related communications networks;
- by which "electronic data" is collected, transmitted, processed, stored or retrieved.
- 3. **"Electronic data"** means digital information, facts, images or sounds stored as or on, created or used on, or transmitted to or from computer software (including systems and applications software) or on electronic storage devices including, but not limited to, hard or floppy disks, CD-ROMS, tapes, drives, cells, data processing devices or any other digital media which are used with electronically controlled equipment. "Electronic data" includes "valuable papers and records" that have been converted to digital

form. "Electronic data" is not tangible property.

"Electronic data" does not include any insured's "electronic data" that is licensed, leased, rented or loaned to others.

4. **"E-commerce activities"** means those activities conducted by you in the normal conduct of your business via your web site or your e-mail system.

5. **"E-commerce incident"** means a:

- a. "virus";
- b. malicious code; or
- c. denial of service attack;

introduced into or enacted upon either:

- i. a "computer system" (including "electronic data" in or on that "computer system") at the described premises; or
- ii. a network to which that "computer system" is connected;

and that is designed to damage, destroy, delete, corrupt or prevent the use or access to any part of the "computer system" or otherwise disrupt its normal operation.

6. **"Extortion expenses"** means:

a. fees and costs of:

- (1) a security firm; or
- (2) other consultant, person, or organization;

hired with our consent to determine the validity and severity of an "extortion threat" made against you;

- b. interest costs paid by you for any loan from a financial institution, taken by you to make a "ransom payment";
- c. reward money paid by you to an informant, which leads to the arrest and conviction of parties responsible for an "extortion threat"; and
- d. any other reasonable expenses incurred by you with our consent, including:
 - (1) fees and costs of independent negotiators; and
 - (2) fees and costs of a company hired by you, upon the recommendation of a security firm, to protect your "electronic data" from further threats.

7. **"Extortion threat"** means a threat, or a group or series of related threats:

- a. to cause an "e-commerce incident";
- b. to disseminate, divulge or utilize:
 - (1) your proprietary information; or

(2) weaknesses in the source code;

within the "computer system" by gaining unauthorized access to the "computer system";

- c. to destroy, corrupt or prevent normal access to the "computer system" by gaining unauthorized access to the "computer system";
- d. to inflict "ransomware" on a "computer system" or a network to which it is connected; or
- e. to publish your client's "personal information".

8. **"Negative publicity"** means information which has been made public that has caused, or is reasonably likely to cause, a decline or deterioration in your reputation or in the reputation of one or more of your products or services.

9. **"Personal information"** means any information not available to the general public for any reason through which an individual may be identified including, but not limited to, an individual's:

- a. social security number, driver's license number or state identification number;
- b. protected health information;
- c. financial account numbers;
- d. security codes, passwords, PINs associated with credit, debit or charge card numbers which would permit access to financial accounts; or
- e. any other nonpublic information as defined in "privacy regulations".

10. **"Public relations expenses"** means:

- a. fees and costs of a public relations firm you retain; and
- b. any other reasonable expenses incurred by you with our written consent;

to protect or restore your reputation solely in response to "negative publicity".

11. **"Ransom payment"** means a payment made in compliance with a demand or requirement made by "ransomware".

12. **"Ransomware"** means any "software" that:

- a. encrypts "electronic data" held within a "computer system"; or
- b. disables a system service or process; or
- c. locks the display at system startup;

and demands or requires a "ransom payment" to decrypt and restore such "electronic data", re-enable the service or process, or unlock the display.

13. **"Security breach"** means:

The acquisition of "personal information" held within the "computer system" or in nonelectronic format while in the care, custody or control of the insured or authorized "third party" by a person:

- a. who is not authorized to have access to such information; or

- b. who is authorized to have access to such information but whose access results in the unauthorized disclosure of such information.

14. "Security breach expenses" means:

- a. costs to establish whether a "security breach" has occurred or is occurring;
- b. costs to investigate the cause, scope and extent of a "security breach" and to identify any affected parties;
- c. costs to determine any action necessary to correct or remediate the conditions that led to or resulted from a "security breach";
- d. costs to notify all parties affected by a "security breach";
- e. overtime salaries paid to your permanent, temporary, or leased employees, or to your officers, partners, or members, for work handling inquiries from the parties affected by a "security breach";
- f. fees and costs an insured pays to a company hired by you for the purpose of operating a call center to handle inquiries from the parties affected by a "security breach";
- g. post event credit monitoring costs for the parties affected by a "security breach", for up to one year from the date of notification of those affected parties of such "security breach". Credit monitoring means monitoring changes in a victim's credit file;
- h. the costs of fraud monitoring for victims of a "security breach", for up to one year from the date of notification of those affected parties of such "security breach". Fraud monitoring means electronic notification to individuals of changes in their personal identifying information in monitored databases; and
- i. any other reasonable expenses incurred by you with our written consent, in connection with a "security breach".

"Security breach expenses" do not include any costs or expenses associated with upgrading, maintaining, improving, repairing or remediating any "computer system", whether as a result of, or to prevent, a "security breach", or for any other reason.

15. "Software" includes both operating systems and applications software.

16. "Virus" means any kind of malicious code designed to damage or destroy any part of a "computer system" (including "electronic data" in or on the "computer system") or disrupt its normal functioning.

17. "Third Party" means any entity that you engage under the terms of a written contract to perform services for you.

XII. The following is added to **Select Business Policy Conditions:**

K. Protective Safeguards

- 1. As a condition of the insurance specified below, you are required to:
 - a. maintain password protection on all computers and other components of each "computer system". This requirement applies also to all Personal Digital Assistants (PDAs) and other transportable or handheld devices, electronic storage devices, and related peripheral components that permit the use of password protection;
 - b. install and use, on each "computer", antivirus software that:
 - (1) can automatically download program updates and updated virus definitions; and

- (2) is set to automatically download program updates and updated virus definitions; and
- c. set the operating system of each "computer" to automatically download and install all security updates provided by the publisher of the operating system.

We will not pay for any loss of any kind that results, directly or indirectly, from failure to comply with any part of this condition.

This condition applies only to insurance afforded pursuant to any one or more of the following:

- i. **Select Business Policy Business Income and Extra Expense Coverage Form - Actual Loss Sustained Up To 12 Months, E. Additional Coverages, 6. Business Income Extension for Web Sites;**
- ii. **Select Business Policy Building and Personal Property Coverage Form, A. Coverage, E. Additional Coverages: 8. Business Computer Coverage, 9. Laptop Computers - Worldwide Coverage, 10. Public Relations Expense, 11. Security Breach Expense, or 12. Extortion Threat Expense; or**
- iii. **Select Business Policy Business Income and Extra Expense Coverage Form - Actual Loss Sustained Up To 12 Months, E. Additional Coverages, 4. Interruption of Computer Operations.**

Except as expressly stated above, this endorsement does not change any other provision of the Policy.

State:	District of Columbia	First Filing Company:	Great American Insurance Company, ...
TOI/Sub-TOI:	05.1 CMP Non-Liability Portion Only/05.1003 Commercial Package		
Product Name:	18074 SBP Cyber Enhancement Endorsements and Rules		
Project Name/Number:	SBP Cyber Enhancement Endorsements and Rules/18074		

Supporting Document Schedules

Satisfied - Item:	Readability Certificate
Comments:	Please see Forms Schedule
Attachment(s):	
Item Status:	
Status Date:	

Bypassed - Item:	Consulting Authorization
Bypass Reason:	N/A
Attachment(s):	
Item Status:	
Status Date:	

Bypassed - Item:	Copy of Trust Agreement
Bypass Reason:	N/A
Attachment(s):	
Item Status:	
Status Date:	

Bypassed - Item:	Expedited SERFF Filing Transmittal Form
Bypass Reason:	N/A
Attachment(s):	
Item Status:	
Status Date:	

Satisfied - Item:	Side by Side Comparison
Comments:	
Attachment(s):	SB 8132 redline.pdf SB 8255 redline.pdf
Item Status:	
Status Date:	

Satisfied - Item:	Explanatory Memorandum
Comments:	
Attachment(s):	Form Explanatory - Cyber.pdf
Item Status:	

SERFF Tracking #:	GACX-131481324	State Tracking #:		Company Tracking #:	31-0170-18074
State:	District of Columbia	First Filing Company:	Great American Insurance Company, ...		
TOI/Sub-TOI:	05.1 CMP Non-Liability Portion Only/05.1003 Commercial Package				
Product Name:	18074 SBP Cyber Enhancement Endorsements and Rules				
Project Name/Number:	SBP Cyber Enhancement Endorsements and Rules/18074				
Status Date:					

SELECT BUSINESS POLICY CYBER ENHANCEMENT ENDORSEMENT

Various provisions of this Policy restrict coverage. Read the entire Policy carefully to determine rights, duties and what is and is not covered.

Throughout this Policy the words, “you” and “your” refer to the Named Insured shown in the Declarations. The words, “we,” “us,” and “our” refer to the company providing this insurance.

This eEndorsement modifies and is subject to the insurance provided under the following:

SELECT BUSINESS POLICY BUILDING AND PERSONAL PROPERTY COVERAGE
FORM
SELECT BUSINESS POLICY BUSINESS INCOME AND EXTRA EXPENSE
COVERAGE FORM
SELECT BUSINESS POLICY CONDITIONS

Apart from such modifications, this eEndorsement is otherwise subject to the terms and conditions of those forms.

The following Schedule lists the Aggregate Limits of Insurance provided by this eEndorsement. For details on specific coverages, consult the actual policy wording.

Schedule

Endorsement Aggregate Limit of Insurance: \$

Aggregate Sublimit of Insurance

<u>Limits of Insurance</u>	<u>Deductible</u>	<u>Coverage</u>
	24-Hour Waiting Period	
\$	\$ Not Applicable	Business Income Extension for Web Sites
\$	\$	Business “Computer” Coverage
\$	\$	Laptop Computers – Worldwide Coverage
\$	\$	Interruption of Computer Operations
\$	\$	Public Relations Expense
\$	\$	Security Breach Expense
\$	\$	Extortion Threats Expense

I. The following is added to **Select Business Policy Business Income and Extra Expense Coverage Form, E. Additional Coverages:**

e. **Business Income Extension for Web Sites**

**Subject to SELECT BUSINESS POLICY CYBER ENHANCEMENT
ENDORSEMENT, Part VI. Endorsement Aggregate Limits of Insurance, ~~We~~**

will pay for loss of Business Income you sustain due to the necessary interruption of business operations on your web site, caused by or resulting from direct physical loss of or damage to the premises of a vendor acting as your web site's host or your internet service provider, if that direct physical loss or damage is caused by or results from a Covered Cause of Loss at that vendor's premises.

~~We will only pay for loss you sustain during the seven (7) day period immediately following the first twenty four (24) hours after the Covered Cause of Loss occurs. We will pay for only that Loss of Business Income you sustain during the seven (7) days immediately following the Waiting Period shown in the Schedule of the Select Business Policy Cyber Enhancement Endorsement after the Covered Cause of Loss occurs.~~

This coverage applies only if you have a back-up copy of your web site stored at a location other than that of either the web site's host or the internet service provider.

~~The most we will pay under this Additional Coverage, for the sum of all loss and damage as a result of any one interruption, is the Limit of Insurance shown in the Schedule of the Select Business Policy Cyber Enhancement Endorsement for Business Income Extension for Web Sites. This amount is separate from the Limits of Insurance for any other coverage.~~

II. E. Additional Coverages, 8. Electronic Data in the **Select Business Policy Building and Personal Property Coverage Form**, is deleted in its entirety and replaced by the following:

8. **Business "Computer" Coverage**

(1) ~~Subject to **SELECT BUSINESS POLICY CYBER ENHANCEMENT ENDORSEMENT**, Parts VI. Endorsement Aggregate Limits of Insurance and VII. Deductible and Subject to the provisions of **8. Business "Computer" Coverage**, this Additional Coverage,~~ we will pay for loss or damage, directly caused by a Covered Cause of Loss anywhere in the Coverage Territory, to:

- (a) business "computers," including their component parts;
- (b) digital media which are used to store "electronic data" used in, on, or by your business "computers";
- (c) "electronic data" stored on such digital media, including your costs to research, replace or restore such "electronic data" or "software" which exists or existed on such digital media and that is lost or damaged as a result of loss or damage to your business "computer" at the described premises; and
- (d) programming records, used for processing "electronic data" in, on, or by your business "computers."

- (2) Exclusions **C.2.a.** and **C.2.d.(6)**, of the **Select Business Policy Building and Business Personal Property Coverage Form**, do not apply to **8. Business “Computer” Coverage**~~this Additional Coverage~~.
- (3) As respects **8. Business “Computer” Coverage**~~this Additional Coverage~~ only, the Covered Causes of Loss include the following:
- (a) mechanical failure, faulty assembly, or error in design of a covered business “computer”;
 - (b) short circuit, blow-out or other electric or magnetic disturbance caused by artificially generated electric current;
 - (c) error or omission in the inspection, installation, configuration, maintenance, repair, or, servicing of a business “computer”; or
 - (d) damage to “electronic data” or digital media during operations of the business “computer,” as a result of any one or more of the Causes of Loss described in (a), (b), or (c).
- ~~(4) The most we will pay under this Additional Coverage, for the sum of all loss and damage caused by any one occurrence at each described location, is the Limit of Insurance shown for **Business “Computer” Coverage** in the Schedule of the **Select Business Policy Cyber Enhancement Endorsement**. This amount is separate from the Limits of Insurance for any other coverage.~~
- ~~(5) Subject to the applicable Limit of Insurance, under this Additional Coverage we will pay for only the amount of loss or damage that is in excess of the Deductible amount shown for **Business “Computer” Coverage** in the Schedule of the **Select Business Policy Cyber Enhancement Endorsement**.~~

III. The following are added to **E. Additional Coverages** in the **Select Business Policy Building and Personal Property Coverage Form**:

13. **Laptop “Computers” – Worldwide Coverage**

Subject to **SELECT BUSINESS POLICY CYBER ENHANCEMENT ENDORSEMENT**, Parts **VI. Endorsement Aggregate Limits of Insurance** and **VII. Deductible**, We will pay for direct physical loss of or damage to laptop, palmtop, and similar portable “computer” equipment and their accessories anywhere in the world, including while in transit, if such loss or damage results directly from a Covered Cause of Loss.

However, we will not pay under **13. Laptop “Computers” – Worldwide Coverage**~~this Additional Coverage~~ for any loss or damage caused by, resulting from, or arising out of the loss or theft of any property while it is in transit as checked baggage.

~~The most we will pay under this Additional coverage for the sum of all losses and damage resulting from a single occurrence is the Limit of Insurance shown for **Laptop “Computers” – Worldwide Coverage** in the Schedule of the **Select Business Policy Cyber Enhancement Endorsement**. This amount is separate from the Limits of Insurance for any other coverage.~~

~~Subject to the applicable Limit of Insurance, under this Additional Coverage we will pay for only the amount of loss or damage that is in excess of the deductible amount shown for **Laptop “Computers” – Worldwide Coverage** in the Schedule of the **Select Business Policy Cyber Enhancement Endorsement**.~~

14. **Public Relations Expense**

Subject to **SELECT BUSINESS POLICY CYBER ENHANCEMENT ENDORSEMENT**, Parts VI. **Endorsement Aggregate Limits of Insurance** and VII. **Deductible**, w~~We~~ will pay for your “public relations expense” due to “negative publicity” resulting directly from an “e-commerce incident” or “security breach” sustained by you during the policy period.

~~The most we will pay under this Additional Coverage, for the sum of all “public relations expenses” as a result of any one “e-commerce incident” or “security breach,” is the Limit of Insurance shown for **Public Relations Expense** in the Schedule of the **Select Business Policy Cyber Enhancement Endorsement**. This amount is separate from the Limits of Insurance for any other coverage.~~

~~Subject to the applicable Limit of Insurance, under this Additional Coverage we will pay for only the amount of “public relations expenses” that is in excess of the deductible amount shown for **Public Relations Expense** in the Schedule of the **Select Business Policy Cyber Enhancement Endorsement**.~~

15. **Security Breach Expense**

Subject to **SELECT BUSINESS POLICY CYBER ENHANCEMENT ENDORSEMENT**, Parts VI. **Endorsement Aggregate Limits of Insurance** and VII. **Deductible**, w~~We~~ will pay for “security breach expenses” resulting from a “security breach” sustained during the policy period.

~~The most we will pay under this Additional Coverage, for the sum of all “security breach expenses” as a result of any one “security breach,” is the Limit of Insurance shown for **Security Breach Expense** in the Schedule of the **Select Business Policy Cyber Enhancement Endorsement**. This amount is separate from the Limits of Insurance for any other coverage.~~

~~Subject to the applicable Limit of Insurance, under this Additional coverage we will pay for only the amount of “security breach expenses” that is in excess of the deductible amount for **Security Breach Expense** in the Schedule of the **Select Business Policy Cyber Enhancement Endorsement**.~~

16. Extortion Threats Expense

Subject to **SELECT BUSINESS POLICY CYBER ENHANCEMENT ENDORSEMENT, Parts VI. Endorsement Aggregate Limits of Insurance and VII. Deductible,** we will pay for “extortion expenses” you incur and “ransom payments” you pay, resulting directly from an “extortion threat” received by you during the “policy period.” However, we will not pay for loss which results from or is in response to an “extortion threat,” or any of a group or series of related “extortion threats,” first received by you before the “policy period.”

~~This Additional Coverage~~ **16. Extortion Threats Expense** does not apply to any loss based upon, attributable to or arising out of any “ransom payment” made because of, or in response to, any “extortion threat” you determined or believed to be a hoax, stunt, or otherwise not credible when the “ransom payment” was made.

~~The most we will pay under this Additional Coverage, for the sum of all loss resulting from any one “extortion threat,” or from any one group or series of related “extortion threats,” is the Limit of Insurance shown for **Extortion Threat Expense** in the Schedule of the **Select Business Policy Cyber Enhancement Endorsement**. This amount is separate from the Limits of Insurance for any other coverage.~~

~~Subject to the applicable Limit of Insurance, under this Additional Coverage we will pay for only the amount of “extortion threat” loss that is in excess of the deductible amount shown for **Extortion Threat Expense** in the Schedule of the **Select Business Policy Cyber Enhancement Endorsement**.~~

IV. Paragraph c(3) of **E. Additional Coverages, 4. Interruption of Computer Operations** in the **Select Business Policy Business Income and Extra Expense Coverage Form** is deleted in its entirety and replaced by the following:

(3) The Covered Causes of Loss include:

(a) an “e-commerce incident”; and

(b) an “extortion threat” received by you during the policy period.

Under **4. Interruption of Computer Operations**, ~~this Additional Coverage~~, an interruption in computer operations caused by an “e-commerce incident” is:

(c) an unanticipated cessation or slowdown of your “e-commerce activities” because of an “e-commerce incident”; or

(d) your suspension of your “e-commerce activities” for the purpose of avoiding or mitigating the possibility of transmitting a “virus” or malicious code to another.

Under **4. Interruption of Computer Operations**, ~~this Additional Coverage~~, an interruption in computer operations caused by an “extortion threat” is:

(e) your voluntary suspension of your “e-commerce activities”:

- i. based upon clear evidence of a credible “extortion threat”; or
- ii. based upon the recommendation of a security firm concerning an “extortion threat.”

V. Select Business Policy Business Income and Extra Expense Coverage Form, E. Additional Coverages, 4. Interruption of Computer Operations, Paragraph d. of ~~E. Additional Coverages, 4. Interruption of Computer Operations~~ in the ~~Select Business Policy Business Income and Extra Expense Coverage Form~~ is deleted in its entirety and replaced by the following:

- d. Subject to the **SELECT BUSINESS POLICY CYBER ENHANCEMENT ENDORSEMENT**, Part VI. **Endorsement Aggregate Limits of Insurance**, ~~the~~ the most we will pay under **E. Additional Coverages, 4. Interruption of Computer Operations**, ~~this Additional Coverage~~, for all loss sustained and expense incurred in any one policy period, regardless of the number of interruptions or the number of premises, locations, “computers” or “computer systems” involved, is the **Interruption of Computer Operations Aggregate Sublimit Limit** of Insurance shown ~~for Interruption of Computer Operations~~ in the Schedule of the **SELECT BUSINESS POLICY CYBER ENHANCEMENT ENDORSEMENT**. ~~Select Business Policy Cyber Enhancement Endorsement. This amount is separate from the Limits of Insurance for any other coverage.~~ If loss payment relating to the first interruption does not exhaust this amount, then the balance is available for loss sustained or expense incurred as a result of subsequent interruptions during that policy period. Any balance remaining at the end of a policy period does not carry over into, or increase the amount of insurance available in, any later policy period. With respect to any interruption which begins in one policy period and continues or results in additional loss or expense in any subsequent policy period(s), all loss and expense is deemed to be sustained or incurred in the policy period in which the interruption begins.

~~(b) we will pay for only the amount of loss and expense that together is in excess of the greater of the following:~~

- ~~(1) the Interruption of Computer Operations Deductible in the Schedule of the **SELECT BUSINESS POLICY CYBER ENHANCEMENT ENDORSEMENT**; or~~
- ~~(2) the amount of loss and expense incurred during the first 24 hours immediately after the interruption begins.~~

VI. Endorsement Aggregate Limits of Insurance

1. Endorsement Aggregate Limit of Insurance

The most we will pay under this **SELECT BUSINESS POLICY CYBER ENHANCEMENT ENDORSEMENT** for the sum of all loss, damage, “public relations expenses”, “security breach expenses” and “extortion threat expenses”, if covered, is the Endorsement Aggregate Limit of Insurance shown in the Schedule. The

Endorsement Aggregate Limit of Insurance shall be reduced by the amount of any payment made under the terms of this Endorsement. Upon exhaustion of the Endorsement Aggregate Limit of Insurance by such payments, we will have no further obligations of any kind under this Endorsement.

2. Aggregate Sublimit(s) of Insurance

Subject to VI. Endorsement Aggregate Limits of Insurance, 1. Endorsement Aggregate Limit of Insurance, the most we will pay under:

- a. Part I., e. Business Income Extension for Websites for the sum of all loss and damage as a result of any one interruption, is the Business Income Extension for Websites Aggregate Sublimit of Insurance shown in the Schedule.
- b. Part II., 8. Business “Computer” Coverage for the sum of all loss and damage caused by any one occurrence at each described location, is the Business “Computer” Coverage Aggregate Sublimit of Insurance shown in the Schedule.
- c. Part III., 13. Laptop “Computers” – Worldwide Coverage for the sum of all loss and damage result from a single occurrence is the Laptop Computers – Worldwide Coverage Aggregate Sublimit of Insurance shown in the Schedule.
- d. Part III., 14. Public Relations Expense for the sum of all “public relations expenses” as a result of any one “e-commerce incident” or “security breach” is the Public Relations Expense Aggregate Sublimit of Insurance shown in the Schedule.
- e. Part III., 15. Security Breach Expense for the sum of all “security breach expenses” as a result of any one “security breach”, is the Security Breach Expense Aggregate Sublimit of Insurance shown in the Schedule.
- f. Part III., 16. Extortion Threats Expense for the sum of all loss resulting from any one “extortion threat”, or from any one group or series of related “extortion threats”, is the Extortion Threats Expense Aggregate Sublimit of Insurance shown in the Schedule.

The Aggregate Sublimit(s) of Insurance in Part V., Paragraph d. and Part VI. Endorsement Aggregate Limits of Insurance, Paragraphs 2.a. through 2.f. are part of, not in addition to, the Endorsement Aggregate Limit of Insurance. Any such Aggregate Sublimit(s) of Insurance shall be reduced by the amount of any payment for loss, damage, “public relations expenses,” “security breach expenses” and “extortion threat expenses” under the applicable Parts of this Endorsement to which such Aggregate Sublimit of Insurance applies. Upon exhaustion of any Aggregate Sublimit of Insurance by such payments, we will have no further obligations or liability of any kind with respect to loss, damage, “public relations expenses,” “security breach expenses” and “extortion threat expenses” subject to such Aggregate Sublimit of Insurance.

VII. Deductible

Subject to Part VI. Endorsement Aggregate Limits of Insurance:

- a. under Part II., 8. Business “Computer” Coverage we will pay only the amount of loss and damage which is in excess of the Business “Computer” Coverage Deductible shown in the Schedule.
- b. under Part III., 13. Laptop “Computers” – Worldwide Coverage we will pay only the amount of loss and damage which is in excess of the Laptop Computers – Worldwide Coverage Deductible shown in the Schedule.
- c. under Part III., 14. Public Relations Expense we will pay only the amount of “public relations expenses” which is in excess of the Public Relations Expense Deductible shown in the Schedule.
- d. under Part III., 15. Security Breach Expense we will pay only the amount of “security breach expenses” which are in excess of the Security Breach Expense Deductible shown in the Schedule.
- e. under Part III., 16. Extortion Threats Expense we will pay only the amount of loss which is in excess of the Extortion Threats Expense Deductible shown in the Schedule.
- f. under Part V., 4. Interruption of Computer Operations we will pay for only the amount of loss and expense that together is in excess of the greater of the following:
 - (1) the Interruption of Computer Operations Deductible in the Schedule of this endorsement; or
 - (2) the amount of loss and expense incurred during the first 24 hours immediately after the interruption begins.

VI.VIII. The following is added to the **Select Business Policy Conditions, Loss Conditions, D. Loss Payment:**

- 10. With respect to loss covered in **Select Business Policy Business Income and Extra Expense Coverage Form, E. Additional Coverages, 4. Interruption of Computer Operations, c.(3):**
 - a. The amount of business income loss will be determined based on consideration of:
 - (1) the net income generated from your “e-commerce activities” before the interruption occurred;
 - (2) the likely net income generated from your “e-commerce activities” if no interruption had occurred, but not including any net income that would likely have been earned as a result of an increase in the volume of

business due to favorable business conditions caused by the impact of the “e-commerce incident” on customers or on other businesses;

- (3)** the extent to which the amount of business income loss is reduced by:
 - (a)** increased orders received by other means during the interruption; or
 - (b)** backlogged orders received through your web site after the interruption ends;
- (4)** the operating expenses, including payroll, necessary to resume your “e-commerce activities” with the same quality of service that existed before the interruption; and
- (5)** other relevant sources of information, including your financial records and accounting procedures, bills, invoices and other vouchers, and debts, liens and contracts.

However, the amount of business income loss will be reduced to the extent that the reduction in the volume of business from the affected “e-commerce activities” is offset by an increase in the volume of business from other channels of commerce such as via telephone, mail or other sources.

- b.** The amount of extra expense will be determined based on:
 - (1)** necessary expenses that exceed normal operating expenses that would have been incurred in the course of your “e-commerce activities” during the period of coverage if no interruption had occurred. We will deduct from the total of such expenses the salvage value that remains of any property bought for temporary use during the period of coverage, once your “e-commerce activities” are resumed; and
 - (2)** necessary expenses that reduce the business income loss that otherwise would have been incurred during the period of coverage.
- c.** With respect to both Loss of Business Income and Extra Expense, an interruption in computer operations:
 - (1)** caused by an “e-commerce incident” is deemed to begin when your “e-commerce activities” are first interrupted by the “e-commerce incident” or first suspended by you, and ends at the earliest of:
 - (a)** 90 days after the interruption begins;
 - (b)** the time when your “e-commerce activities” are resumed; or
 - (c)** the time when internet service is restored to you.
 - (2)** caused by an “extortion threat” is deemed to begin when your “e-commerce activities” are first interrupted and ends at the earliest of:

- (a) 14 days after the interruption begins;
- (b) the time when your “e-commerce activities” are resumed; or
- (c) the time when service is restored to you.

~~VII.~~IX. The following additional exclusions are added to **Select Business Policy Building and Personal Property Coverage Form, C. Exclusions, 2.** and apply to the coverage provided by this **E**endorsement only:

- n. Unexplained or indeterminable failure, malfunction or slowdown of a “computer system,” or any “electronic data” in or on a “computer system,” or any inability to access or property manipulate such “electronic data.”
- o. Interruption in normal computer function or network service or function due to insufficient capacity to process transactions or due to an overload of activity on a “computer system” or network. However, this exclusion does not apply if such interruption is caused by an “e-commerce incident.”
- p. Complete or substantial failure, disablement or shutdown of the Internet, regardless of the cause.
- q. Failure, reduction in or surge of electrical power.
- r. Malfunction or failure of any satellite.

~~VIII.~~X. The following ~~is~~**are** added to **Select Business Policy Business Income and Extra Expense Coverage Form, D. Special Exclusions,** and apply to the coverage provided by this **E**endorsement only:

- 7. Any costs, fees or other expenses you incur in establishing either the existence or the amount of any loss covered under this Policy.
- 8. Any costs, fees or other expenses associated with upgrading or improving a “computer system,” regardless of the reason for the upgrade or improvement.

~~IX.~~XI. The following additional **Definitions** apply to this Policy:

1. “Computer” means:

- a. a programmable electronic device that can store, retrieve and process “electronic data”; and
- b. its associated peripheral equipment that provides communication, including input and output functions such as printing and auxiliary functions such as “electronic data” transmission.

However, “computer” does not include any such device that is used to control, direct, regulate or operate any:

- i. heating, ventilation, air conditioning, plumbing, waste disposal, or other system of a building or structure, or any one or more components of such a system;
 - ii. elevator, escalator, crane, conveyor, hoist, or other device or system used for moving people, goods, materials, cargo, or otherwise, or any one or more components of such system;
 - iii. vehicle, conveyance, or other transportation equipment or system, whether used to transport persons, goods, materials, cargo, or otherwise, or any one or more components of such a system;
 - iv. controlled entry, anti-theft, or other security system, or any one or more components of such a system;
 - v. production-type machinery or equipment.
2. **“Computer system”** means the following, but only if owned by you or licensed or leased to you by another:
- a. “Computers,” Personal Digital Assistants (PDAs) and other transportable or handheld devices, electronic storage devices and related peripheral components;
 - b. “Software”; and
 - c. Related communications networks;
- by which “electronic data” is collected, transmitted, processed, stored or retrieved.
3. **“Electronic data”** means digital information, facts, images or sounds stored as or on, created or used on, or transmitted to or from computer software (including systems and applications software) or on electronic storage devices including, but not limited to, hard or floppy disks, CD-ROMS, tapes, drives, cells, data processing devices or any other digital media which are used with electronically controlled equipment. “Electronic data” includes “valuable papers and records” that have been converted to digital form. “Electronic data” is not tangible property.
- “Electronic data” does not include any insured’s “electronic data” that is licensed, leased, rented or loaned to others.
4. **“E-commerce activities”** means those activities conducted by you in the normal conduct of your business via your web site or your e-mail system.
5. **“E-commerce incident”** means a:
- a. “virus”;
 - b. malicious code; or
 - c. denial of service attack;

introduced into or enacted upon either:

- i. a “computer system” (including “electronic data” in or on that “computer system”) at the described premises; or
- ii. a network to which that “computer system” is connected;

and that is designed to damage, destroy, delete, corrupt or prevent the use or access to any part of the “computer system” or otherwise disrupt its normal operation.

6. “Extortion expenses” means:

a. fees and costs of:

(1) a security firm; or

(2) other consultant, person or organization; hired with our consent to determine the validity and severity of an “extortion threat” made against you;

b. interest costs paid by you for any loan from a financial institution, taken by you to make a “ransom payment”;

c. reward money paid by your to an informant, which leads to the arrest and conviction of parties responsible for an “extortion threat”; and

d. any other reasonable expenses incurred by you with our consent, including:

(1) fees and costs of independent negotiators; and

(2) fees and costs of a company hired by you, upon the recommendation of a security firm, to protect your “electronic data” from further threats.

7. “Extortion threat” means a threat, or a group or series of related threats:

a. to cause an “e-commerce incident”;

b. to disseminate, divulge or utilize:

(1) your proprietary information; or

(2) weaknesses in the source code;

within the “computer system” by gaining unauthorized access to the “computer system”;

c. to destroy, corrupt or prevent normal access to the “computer system” by gaining unauthorized access to the “computer system”;

- d. to inflict “ransomware” on a “computer system” or a network to which it is connected; or
 - e. to publish your client’s “personal information.”
8. **“Negative publicity”** means information which has been made public that has caused, or is reasonably likely to cause, a decline or deterioration in your reputation or in the reputation of one or more of your products or services.
9. **“Personal information”** means any information not available to the general public for any reason through which an individual may be identified including, but not limited to, an individual’s:
- a. sSocial security number, driver’s license number or state identification number;
 - b. pProtected health information;
 - c. fFinancial account numbers;
 - d. sSecurity codes, passwords, PINs associated with credit, debit or charge card numbers which would permit access to financial accounts; or
 - e. aAny other nonpublic information as defined in “privacy regulations”.
10. **“Public relations expenses”** means:
- a. fees and costs of a public relations firm you retain; and
 - b. any other reasonable expenses incurred by you with our written consent;
- to protect or restore your reputation solely in response to “negative publicity.”
11. **“Ransom payment”** means a payment made in compliance with a demand or requirement made by “ransomware.”
12. **“Ransomware”** means any “software” that:
- a. encrypts “electronic data” held within a “computer system”; or
 - b. disables a system service or process; or
 - c. locks the display at system startup;
- and demands or requires a “ransom payment” to decrypt and restore such “electronic data,” re-enable the service or process, or unlock the display.

13. “Security breach” means:

The acquisition of “personal information” held within the “computer system” or in nonelectronic format while in the care, custody or control of the insured or authorized “third party” by a person:

- a. who is not authorized to have access to such information; or
- b. who is authorized to have access to such information but whose access results in the unauthorized disclosure of such information.

14. “Security breach expenses” means:

- a. costs to establish whether a “security breach” has occurred or is occurring;
- b. costs to investigate the cause, scope and extent of a “security breach” and to identify any affected parties;
- c. costs to determine any action necessary to correct or remediate the conditions that led to or resulted from a “security breach”;
- d. costs to notify all parties affected by a “security breach”;
- e. overtime salaries paid to your permanent, temporary, or leased employees, or to your officers, partners, or members, for work handling inquiries from the parties affected by a “security breach”;
- f. fees and costs an insured pays to a company hired by you for the purpose of operating a call center to handle inquiries from the parties affected by a “security breach”;
- g. post event credit monitoring costs for the parties affected by a “security breach,” for up to one year from the date of notification of those affected parties of such “security breach.” Credit monitoring means monitoring changes in a victim’s credit file;
- h. the cost of fraud monitoring for victims of a “security breach,” for up to one year from the date of notification of those affected parties of such “security breach.” Fraud monitoring means electronic notification to individuals of changes in their personal identifying information in monitored databases; and
- i. any other reasonable expenses incurred by you with our written consent, in connection with a “security breach.”

“Security breach expenses” do not include any costs or expenses associated with upgrading, maintaining, improving, repairing or remediating any “computer system,” whether as a result of, or to prevent, a “security breach,” or for any other reason.

15. **“Software”** includes both operating systems and applications software.
16. **“Virus”** means any kind of malicious code designed to damage or destroy any part of a “computer system” (including “electronic data” in or on the “computer system”) or disrupt its normal functioning.
17. **“Third Party”** means any entity that you engage under the terms of a written contract to perform services for you.

~~X-XII.~~ The following is added to **Select Business Policy Conditions**:

K. Protective Safeguards

1. As a condition of the insurance specified below, you are required to:
 - a. maintain password protection on all computers and other components of each “computer system.” This requirement applies also to all Personal Digital Assistants (PDAs) and other transportable or handheld devices, electronic storage devices, and related peripheral components that permit the use of password protection;
 - b. install and use, on each “computer,” antivirus software that:
 - (1) can automatically download program updates and updated virus definitions; and
 - (2) is set to automatically download program updates and updated virus definitions; and
 - c. set the operating system of each “computer” to automatically download and install all security updates provided by the publisher of the operating system.

We will not pay for any loss of any kind that results, directly or indirectly, from failure to comply with any part of this condition.

This condition applies only to insurance afforded pursuant to any one or more of the following:

- i. **Select Business Policy Business Income and Extra Expense Coverage Form, E. Additional Coverages, 6. Business Income Extension for Web Sites;**
- ii. **Select Business Policy Building and Personal Property Coverage Form, A. Coverage, E. Additional Coverages: 8. Business Computer Coverage, 9. Laptop Computers – Worldwide Coverage, 10. Public Relations Expense, 11. Security Breach Expense, or 12. Extortion Threat Expense; or**

iii. Select Business Policy Business Income and Extra Expense Coverage Form, E. Additional Coverages, 4. Interruption of Computer Operations.

Except as expressly states above, this ~~E~~endorsement does not change any other provision of the Policy.

**SELECT BUSINESS POLICY
CYBER ENHANCEMENT ENDORSEMENT
BUSINESS INCOME AND EXTRA EXPENSE COVERAGE FORM
ACTUAL LOSS SUSTAINED UP TO 12 MONTHS**

Various provisions of this Policy restrict coverage. Read the entire Policy carefully to determine rights, duties and what is and is not covered.

Throughout this Policy the words, “you” and “your” refer to the Named Insured shown in the Declarations. The words, “we,” “us,” and “our” refer to the company providing this insurance.

This **eE**ndorsement modifies and is subject to the insurance provided under the following:

SELECT BUSINESS POLICY BUILDING AND PERSONAL PROPERTY COVERAGE
FORM
SELECT BUSINESS POLICY BUSINESS INCOME AND EXTRA EXPENSE
COVERAGE FORM – ACTUAL LOSS SUSTAINED UP TO 12 MONTHS
SELECT BUSINESS POLICY CONDITIONS

Apart from such modifications, this **eE**ndorsement is otherwise subject to the terms and conditions of those forms.

The following Schedule lists the Aggregate Limits of Insurance provided by this **eE**ndorsement. For details on specific coverages, consult the actual policy wording.

Schedule

Endorsement Aggregate Limit of Insurance: \$

Aggregate Sublimit of Insurance

<u>Limits of Insurance</u>	Deductible	Coverage
	24-Hour Waiting Period	
\$	\$ Not Applicable	Business Income Extension for Web Sites
\$	\$	Business “Computer” Coverage
\$	\$	Laptop Computers – Worldwide Coverage
\$	\$	Interruption of Computer Operations
\$	\$	Public Relations Expense
\$	\$	Security Breach Expense
\$	\$	Extortion Threats Expense

- I. The following is added to **Select Business Policy Business Income and Extra Expense Coverage Form – Actual Loss Sustained Up To 12 Months, E. Additional Coverages:**

6. Business Income Extension for Web Sites

Subject to **SELECT BUSINESS POLICY CYBER ENHANCEMENT ENDORSEMENT BUSINESS INCOME AND EXTRA EXPENSE COVERAGE FORM ACTUAL LOSS SUSTAINED UP TO 12 MONTHS, Part VI.**

Endorsement Aggregate Limits of Insurance. ~~We~~we will pay for loss of Business Income you sustain due to the necessary interruption of business operations on your web site, caused by or resulting from direct physical loss of or damage to the premises of a vendor acting as your web site's host or your internet service provider, if that direct physical loss or damage is caused by or results from a Covered Cause of Loss at that vendor's premises.

~~We will only pay for loss you sustain during the seven (7) day period immediately following the first twenty four (24) hours after the Covered Cause of Loss occurs. We will pay for only that Loss of Business Income you sustain during the seven (7) days immediately following the Waiting Period shown in the Schedule of the **Select Business Policy Cyber Enhancement Endorsement Business Income And Extra Expense Coverage Form Actual Loss Sustained Up To 12 Months** after the Covered Cause of Loss occurs.~~

This coverage applies only if you have a back-up copy of your web site stored at a location other than that of either the web site's host or the internet service provider.

~~The most we will pay under this Additional Coverage, for the sum of all loss and damage as a result of any one interruption, is the Limit of Insurance shown in the Schedule of the **Select Business Policy Cyber Enhancement Endorsement Business Income And Extra Expense Coverage Form Actual Loss Sustained Up To 12 Months for Business Income Extension for Web Sites.** This amount is separate from the Limits of Insurance for any other coverage.~~

- II. **E. Additional Coverages, 8. Electronic Data** in the **Select Business Policy Building and Personal Property Coverage Form**, is deleted in its entirety and replaced by the following:

8. Business "Computer" Coverage

- (1) Subject to **SELECT BUSINESS POLICY CYBER ENHANCEMENT ENDORSEMENT BUSINESS INCOME AND EXTRA EXPENSE COVERAGE FORM ACTUAL LOSS SUSTAINED UP TO 12 MONTHS, Parts VI. Endorsement Aggregate Limits of Insurance and VII. Deductible** and Subject to the provisions of **8. Business "Computer" Coverage**, this **Additional Coverage**, we will pay for loss or damage, directly caused by a Covered Cause of Loss anywhere in the Coverage Territory, to:

- (a) business "computers," including their component parts;

- (b) digital media which are used to store “electronic data” used in, on, or by your business “computers”;
- (c) “electronic data” stored on such digital media, including your costs to research, replace or restore such “electronic data” or “software” which exists or existed on such digital media and that is lost or damaged as a result of loss or damage to your business “computer” at the described premises; and
- (d) programming records, used for processing “electronic data” in, on, or by your business “computers.”

(2) Exclusions **C.2.a.** and **C.2.d.(6)**, of the **Select Business Policy Building and Business Personal Property Coverage Form**, do not apply to **8. Business “Computer” Coverage**.~~this Additional Coverage.~~

(3) As respects **8. Business “Computer” Coverage** ~~this Additional Coverage~~ only, the Covered Causes of Loss include the following:

- (a) mechanical failure, faulty assembly, or error in design of a covered business “computer”;
- (b) short circuit, blow-out or other electric or magnetic disturbance caused by artificially generated electric current;
- (c) error or omission in the inspection, installation, configuration, maintenance, repair, or, servicing of a business “computer”; or
- (d) damage to “electronic data” or digital media during operations of the business “computer,” as a result of any one or more of the Causes of Loss described in (a), (b), or (c).

~~(4) The most we will pay under this Additional Coverage, for the sum of all loss and damage caused by any one occurrence at each described location, is the Limit of Insurance shown for **Business “Computer” Coverage** in the Schedule of the **Select Business Policy Cyber Enhancement Endorsement Business Income And Extra Expense Coverage Form Actual Loss Sustained Up To 12 Months**. This amount is separate from the Limits of Insurance for any other coverage.~~

~~(5) Subject to the applicable Limit of Insurance, under this Additional Coverage we will pay for only the amount of loss or damage that is in excess of the Deductible amount shown for **Business “Computer” Coverage** in the Schedule of the **Select Business Policy Cyber Enhancement Endorsement Business Income And Extra Expense Coverage Form Actual Loss Sustained Up To 12 Months**.~~

III. The following are added to **E. Additional Coverages** in the **Select Business Policy Building and Personal Property Coverage Form**:

13. **Laptop “Computers” – Worldwide Coverage**

Subject to **SELECT BUSINESS POLICY CYBER ENHANCEMENT ENDORSEMENT BUSINESS INCOME AND EXTRA EXPENSE COVERAGE FORM ACTUAL LOSS SUSTAINED UP TO 12 MONTHS**, Parts VI.

Endorsement Aggregate Limits of Insurance and VII. Deductible. ~~We~~ we will pay for direct physical loss of or damage to laptop, palmtop, and similar portable “computer” equipment and their accessories anywhere in the world, including while in transit, if such loss or damage results directly from a Covered Cause of Loss.

However, we will not pay under **13. Laptop “Computers” – Worldwide Coverage** ~~this Additional Coverage~~ for any loss or damage caused by, resulting from, or arising out of the loss or theft of any property while it is in transit as checked baggage.

~~The most we will pay under this Additional coverage for the sum of all losses and damage resulting from a single occurrence is the Limit of Insurance shown for Laptop “Computers” – Worldwide Coverage in the Schedule of the Select Business Policy Cyber Enhancement Endorsement Business Income And Extra Expense Coverage Form Actual Loss Sustained Up To 12 Months. This amount is separate from the Limits of Insurance for any other coverage.~~

~~Subject to the applicable Limit of Insurance, under this Additional Coverage we will pay for only the amount of loss or damage that is in excess of the deductible amount shown for Laptop “Computers” – Worldwide Coverage in the Schedule of the Select Business Policy Cyber Enhancement Endorsement Business Income And Extra Expense Coverage Form Actual Loss Sustained Up To 12 Months.~~

14. **Public Relations Expense**

Subject to **SELECT BUSINESS POLICY CYBER ENHANCEMENT ENDORSEMENT BUSINESS INCOME AND EXTRA EXPENSE COVERAGE FORM ACTUAL LOSS SUSTAINED UP TO 12 MONTHS**, Parts VI.

Endorsement Aggregate Limits of Insurance and VII. Deductible. ~~w~~We will pay for your “public relations expense” due to “negative publicity” resulting directly from an “e-commerce incident” or “security breach” sustained by you during the policy period.

~~The most we will pay under this Additional Coverage, for the sum of all “public relations expenses” as a result of any one “e-commerce incident” or “security breach,” is the Limit of Insurance shown for Public Relations Expense in the Schedule of the Select Business Policy Cyber Enhancement Endorsement Business Income And Extra Expense Coverage Form Actual Loss Sustained Up To 12 Months. This amount is separate from the Limits of Insurance for any other coverage.~~

~~Subject to the applicable Limit of Insurance, under this Additional Coverage we will pay for only the amount of “public relations expenses” that is in excess of the deductible amount shown for Public Relations Expense in the Schedule of the~~

~~Select Business Policy Cyber Enhancement Endorsement Business Income And Extra Expense Coverage Form Actual Loss Sustained Up To 12 Months.~~

15. **Security Breach Expense**

~~Subject to **SELECT BUSINESS POLICY CYBER ENHANCEMENT ENDORSEMENT BUSINESS INCOME AND EXTRA EXPENSE COVERAGE FORM ACTUAL LOSS SUSTAINED UP TO 12 MONTHS**, Parts VI. **Endorsement Aggregate Limits of Insurance** and VII. **Deductible**, we will pay for “security breach expenses” resulting from a “security breach” sustained during the policy period.~~

~~The most we will pay under this Additional Coverage, for the sum of all “security breach expenses” as a result of any one “security breach,” is the Limit of Insurance shown for **Security Breach Expense** in the Schedule of the **Select Business Policy Cyber Enhancement Endorsement Business Income And Extra Expense Coverage Form Actual Loss Sustained Up To 12 Months**. This amount is separate from the Limits of Insurance for any other coverage.~~

~~Subject to the applicable Limit of Insurance, under this Additional coverage we will pay for only the amount of “security breach expenses” that is in excess of the deductible amount for **Security Breach Expense** in the Schedule of the **Select Business Policy Cyber Enhancement Endorsement Business Income And Extra Expense Coverage Form Actual Loss Sustained Up To 12 Months**.~~

16. **Extortion Threats Expense**

~~Subject to **SELECT BUSINESS POLICY CYBER ENHANCEMENT ENDORSEMENT BUSINESS INCOME AND EXTRA EXPENSE COVERAGE FORM ACTUAL LOSS SUSTAINED UP TO 12 MONTHS**, Parts VI. **Endorsement Aggregate Limits of Insurance** and VII. **Deductible**, we will pay for “extortion expenses” you incur and “ransom payments” you pay, resulting directly from an “extortion threat” received by you during the “policy period.” However, we will not pay for loss which results from or is in response to an “extortion threat,” or any of a group or series of related “extortion threats,” first received by you before the “policy period.”~~

~~This Additional Coverage **16. Extortion Threats Expense** does not apply to any loss based upon, attributable to or arising out of any “ransom payment” made because of, or in response to, any “extortion threat” you determined or believed to be a hoax, stunt, or otherwise not credible when the “ransom payment” was made.~~

~~The most we will pay under this Additional Coverage, for the sum of all loss resulting from any one “extortion threat,” or from any one group or series of related “extortion threats,” is the Limit of Insurance shown for **Extortion Threat Expense** in the Schedule of the **Select Business Policy Cyber Enhancement Endorsement Business Income And Extra Expense Coverage Form Actual**~~

~~Loss Sustained Up To 12 Months.~~ This amount is separate from the Limits of Insurance for any other coverage.

~~Subject to the applicable Limit of Insurance, under this Additional Coverage we will pay for only the amount of “extortion threat” loss that is in excess of the deductible amount shown for Extortion Threat Expense in the Schedule of the Select Business Policy Cyber Enhancement Endorsement Business Income And Extra Expense Coverage Form Actual Loss Sustained Up To 12 Months.~~

- IV. Paragraph c(3) of E. Additional Coverages, 4. Interruption of Computer Operations in the **Select Business Policy Business Income and Extra Expense Coverage Form – Actual Loss Sustained Up To 12 Months** is deleted in its entirety and replaced by the following:

(3) The Covered Causes of Loss include:

- (a) an “e-commerce incident”; and
- (b) an “extortion threat” received by you during the policy period.

Under 4. Interruption of Computer Operations, ~~this Additional Coverage~~, an interruption in computer operations caused by an “e-commerce incident” is:

- (c) an unanticipated cessation or slowdown of your “e-commerce activities” because of an “e-commerce incident”; or
- (d) your suspension of your “e-commerce activities” for the purpose of avoiding or mitigating the possibility of transmitting a “virus” or malicious code to another.

Under 4. Interruption of Computer Operations, ~~this Additional Coverage~~, an interruption in computer operations caused by an “extortion threat” is:

- (e) your voluntary suspension of your “e-commerce activities”:
 - i. based upon clear evidence of a credible “extortion threat”; or
 - ii. based upon the recommendation of a security firm concerning an “extortion threat.”

- V. Select Business Policy Business Income and Extra Expense Coverage Form – Actual Loss Sustained Up To 12 Months, E. Additional Coverages, 4. Interruption of Computer Operations, Paragraph d. of E. Additional Coverages, 4. Interruption of Computer Operations in the **Select Business Policy Business Income and Extra Expense Coverage Form – Actual Loss Sustained Up To 12 Months** is deleted in its entirety and replaced by the following:

- (4) d. Subject to the SELECT BUSINESS POLICY CYBER ENHANCEMENT ENDORSEMENT BUSINESS INCOME AND EXTRA EXPENSE COVERAGE FORM ACTUAL LOSS SUSTAINED UP TO 12 MONTHS, Part VI. Endorsement

Aggregate Limits of Insurance. ~~The most we will pay under **E. Additional Coverages, 4. Interruption of Computer Operations,** this Additional Coverage,~~ for all loss sustained and expense incurred in any one policy period, regardless of the number of interruptions or the number of premises, locations, “computers” or “computer systems” involved, is the **Interruption of Computer Operations Aggregate Sublimit Limit** of Insurance shown ~~for **Interruption of Computer Operations**~~ in the Schedule of the **SELECT BUSINESS POLICY CYBER ENHANCEMENT ENDORSEMENT BUSINESS INCOME AND EXTRA EXPENSE COVERAGE FORM ACTUAL LOSS SUSTAINED UP TO 12 MONTHS. Select Business Policy Cyber Enhancement Endorsement Business Income And Extra Expense Coverage Form Actual Loss Sustained Up To 12 months.** ~~This amount is separate from the Limits of Insurance for any other coverage.~~ If loss payment relating to the first interruption does not exhaust this amount, then the balance is available for loss sustained or expense incurred as a result of subsequent interruptions during that policy period. Any balance remaining at the end of a policy period does not carry over into, or increase the amount of insurance available in, any later policy period. With respect to any interruption which begins in one policy period and continues or results in additional loss or expense in any subsequent policy period(s), all loss and expense is deemed to be sustained or incurred in the policy period in which the interruption begins.

~~Subject to the applicable Limit of Insurance, under this Additional Coverage we will pay for only the amount of loss and expense that together is in excess of the greater of the following:~~

~~(a) the deductible amount shown for **Interruption of Computer Operations** in the Schedule of the **Select Business Policy Cyber Enhancement Endorsement Business Income And Extra Expense Coverage Form Actual Loss Sustained Up To 12 Months;** or~~

~~(b) the amount of loss and expense incurred during the first 24 hours immediately after the interruption begins.~~

VI. Endorsement Aggregate Limits of Insurance

1. Endorsement Aggregate Limit of Insurance

The most we will pay under this **SELECT BUSINESS POLICY CYBER ENHANCEMENT ENDORSEMENT** for the sum of all loss, damage, “public relations expenses”, “security breach expenses” and “extortion threat expenses”, if covered, is the Endorsement Aggregate Limit of Insurance shown in the Schedule. The Endorsement Aggregate Limit of Insurance shall be reduced by the amount of any payment made under the terms of this Endorsement. Upon exhaustion of the Endorsement Aggregate Limit of Insurance by such payments, we will have no further obligations of any kind under this Endorsement.

2. Aggregate Sublimit(s) of Insurance

Subject to **VI. Endorsement Aggregate Limits of Insurance, 1. Endorsement Aggregate Limit of Insurance,** the most we will pay under:

- a. Part I., e. **Business Income Extension for Websites** for the sum of all loss and damage as a result of any one interruption, is the Business Income Extension for Websites Aggregate Sublimit of Insurance shown in the Schedule.
- b. Part II., 8. **Business “Computer” Coverage** for the sum of all loss and damage caused by any one occurrence at each described location, is the Business “Computer” Coverage Aggregate Sublimit of Insurance shown in the Schedule.
- c. Part III., 13. **Laptop “Computers” – Worldwide Coverage** for the sum of all loss and damage result from a single occurrence is the Laptop Computers – Worldwide Coverage Aggregate Sublimit of Insurance shown in the Schedule.
- d. Part III., 14. **Public Relations Expense** for the sum of all “public relations expenses” as a result of any one “e-commerce incident” or “security breach” is the Public Relations Expense Aggregate Sublimit of Insurance shown in the Schedule.
- e. Part III., 15. **Security Breach Expense** for the sum of all “security breach expenses” as a result of any one “security breach”, is the Security Breach Expense Aggregate Sublimit of Insurance shown in the Schedule.
- f. Part III., 16. **Extortion Threats Expense** for the sum of all loss resulting from any one “extortion threat”, or from any one group or series of related “extortion threats”, is the Extortion Threats Expense Aggregate Sublimit of Insurance shown in the Schedule.

The Aggregate Sublimit(s) of Insurance in Part V., Paragraph d. and Part VI. **Endorsement Aggregate Limits of Insurance**, Paragraphs 2.a. through 2.f. are part of, not in addition to, the Endorsement Aggregate Limit of Insurance. Any such Aggregate Sublimit(s) of Insurance shall be reduced by the amount of any payment for loss, damage, “public relations expenses,” “security breach expenses” and “extortion threat expenses” under the applicable Parts of this Endorsement to which such Aggregate Sublimit of Insurance applies. Upon exhaustion of any Aggregate Sublimit of Insurance by such payments, we will have no further obligations or liability of any kind with respect to loss, damage, “public relations expenses,” “security breach expenses” and “extortion threat expenses” subject to such Aggregate Sublimit of Insurance.

II. Deductible

Subject to Part VI. **Endorsement Aggregate Limits of Insurance**:

- a. under Part II., 8. **Business “Computer” Coverage** we will pay only the amount of loss and damage which is in excess of the Business “Computer” Coverage Deductible shown in the Schedule.

- b. under Part III., 13. Laptop “Computers” – Worldwide Coverage we will pay only the amount of loss and damage which is in excess of the Laptop Computers – Worldwide Coverage Deductible shown in the Schedule.
- c. under Part III., 14. Public Relations Expense we will pay only the amount of “public relations expenses” which is in excess of the Public Relations Expense Deductible shown in the Schedule.
- d. under Part III., 15. Security Breach Expense we will pay only the amount of “security breach expenses” which are in excess of the Security Breach Expense Deductible shown in the Schedule.
- e. under Part III., 16. Extortion Threats Expense we will pay only the amount of loss which is in excess of the Extortion Threats Expense Deductible shown in the Schedule.
- f. under Part V., 4. Interruption of Computer Operations we will pay for only the amount of loss and expense that together is in excess of the greater of the following:
 - (1) the Interruption of Computer Operations Deductible in the Schedule of this endorsement; or
 - (2) the amount of loss and expense incurred during the first 24 hours immediately after the interruption begins.

VI.VIII. The following is added to the **Select Business Policy Conditions, Loss Conditions, D. Loss Payment:**

- 10. With respect to loss covered in **Select Business Policy Business Income and Extra Expense Coverage Form – Actual Loss Sustained Up To 12 Months, E. Additional Coverages, 4. Interruption of Computer Operations, c.(3):**
 - a. The amount of business income loss will be determined based on consideration of:
 - (1) the net income generated from your “e-commerce activities” before the interruption occurred;
 - (2) the likely net income generated from your “e-commerce activities” if no interruption had occurred, but not including any net income that would likely have been earned as a result of an increase in the volume of business due to favorable business conditions caused by the impact of the “e-commerce incident” on customers or on other businesses;
 - (3) the extent to which the amount of business income loss is reduced by:
 - (a) increased orders received by other means during the interruption; or
 - (b) backlogged orders received through your web site after the interruption ends;

- (4)** the operating expenses, including payroll, necessary to resume your “e-commerce activities” with the same quality of service that existed before the interruption; and
- (5)** other relevant sources of information, including your financial records and accounting procedures, bills, invoices and other vouchers, and debits, liens and contracts.

However, the amount of business income loss will be reduced to the extent that the reduction in the volume of business from the affected “e-commerce activities” is offset by an increase in the volume of business from other channels of commerce such as via telephone, mail or other sources.

b. The amount of extra expense will be determined based on:

- (1)** necessary expenses that exceed normal operating expenses that would have been incurred in the course of your “e-commerce activities” during the period of coverage if no interruption had occurred. We will deduct from the total of such expenses the salvage value that remains of any property bought for temporary use during the period of coverage, once your “e-commerce activities” are resumed; and
- (2)** necessary expenses that reduce the business income loss that otherwise would have been incurred during the period of coverage.

c. With respect to both Loss of Business Income and Extra Expense, an interruption in computer operations:

- (1)** caused by an “e-commerce incident” is deemed to begin when your “e-commerce activities” are first interrupted by the “e-commerce incident” or first suspended by you, and ends at the earliest of:
 - (a)** 90 days after the interruption begins;
 - (b)** the time when your “e-commerce activities” are resumed; or
 - (c)** the time when internet service is restored to you.
- (2)** caused by an “extortion threat” is deemed to begin when your “e-commerce activities” are first interrupted and ends at the earliest of:
 - (a)** 14 days after the interruption begins;
 - (b)** the time when your “e-commerce activities” are resumed; or
 - (c)** the time when service is restored to you.

~~VII~~IX. The following additional exclusions are added to **Select Business Policy Building and Personal Property Coverage Form, C. Exclusions, 2.** and apply to the coverage provided by this ~~E~~endorsement only:

- n. Unexplained or indeterminable failure, malfunction or slowdown of a “computer system,” or any “electronic data” in or on a “computer system,” or any inability to access or property manipulate such “electronic data.”
- o. Interruption in normal computer function or network service or function due to insufficient capacity to process transactions or due to an overload of activity on a “computer system” or network. However, this exclusion does not apply if such interruption is caused by an “e-commerce incident.”
- p. Complete or substantial failure, disablement or shutdown of the Internet, regardless of the cause.
- q. Failure, reduction in or surge of electrical power.
- r. Malfunction or failure of any satellite.

~~VIII~~X. The following ~~is-are~~ added to **Select Business Policy Business Income and Extra Expense Coverage Form – Actual Loss Sustained Up To 12 Months, D. Special Exclusions**, and apply to the coverage provided by this ~~E~~endorsement only:

- 7. Any costs, fees or other expenses you incur in establishing either the existence or the amount of any loss covered under this Policy.
- 8. Any costs, fees or other expenses associated with upgrading or improving a “computer system,” regardless of the reason for the upgrade or improvement.

~~IX~~XI. The following additional **Definitions** apply to this Policy:

1. **“Computer”** means:

- a. a programmable electronic device that can store, retrieve and process “electronic data”; and
- b. its associated peripheral equipment that provides communication, including input and output functions such as printing and auxiliary functions such as “electronic data” transmission.

However, “computer” does not include any such device that is used to control, direct, regulate or operate any:

- i. heating, ventilation, air conditioning, plumbing, waste disposal, or other system of a building or structure, or any one or more components of such a system;
- ii. elevator, escalator, crane, conveyor, hoist, or other device or system used for moving people, goods, materials, cargo, or otherwise, or any one or more components of such system;

- iii. vehicle, conveyance, or other transportation equipment or system, whether used to transport persons, goods, materials, cargo, or otherwise, or any one or more components of such a system;
 - iv. controlled entry, anti-theft, or other security system, or any one or more components of such a system;
 - v. production-type machinery or equipment.
2. **“Computer system”** means the following, but only if owned by you or licensed or leased to you by another:
- a. “Computers,” Personal Digital Assistants (PDAs) and other transportable or handheld devices, electronic storage devices and related peripheral components;
 - b. “Software”; and
 - c. Related communications networks;
- by which “electronic data” is collected, transmitted, processed, stored or retrieved.
3. **“Electronic data”** means digital information, facts, images or sounds stored as or on, created or used on, or transmitted to or from computer software (including systems and applications software) or on electronic storage devices including, but not limited to, hard or floppy disks, CD-ROMS, tapes, drives, cells, data processing devices or any other digital media which are used with electronically controlled equipment. “Electronic data” includes “valuable papers and records” that have been converted to digital form. “Electronic data” is not tangible property.
- “Electronic data” does not include any insured’s “electronic data” that is licensed, leased, rented or loaned to others.
4. **“E-commerce activities”** means those activities conducted by you in the normal conduct of your business via your web site or your e-mail system.
5. **“E-commerce incident”** means a:
- a. “virus”;
 - b. malicious code; or
 - c. denial of service attack;
- introduced into or enacted upon either:
- i. a “computer system” (including “electronic data” in or on that “computer system”) at the described premises; or
 - ii. a network to which that “computer system” is connected;

and that is designed to damage, destroy, delete, corrupt or prevent the use or access to any part of the “computer system” or otherwise disrupt its normal operation.

6. “Extortion expenses” means:

a. fees and costs of:

(1) a security firm; or

(2) other consultant, person or organization;

red with our consent to determine the validity and severity of an “extortion threat” made against you;

b. interest costs paid by you for any loan from a financial institution, taken by you to make a “ransom payment”;

c. reward money paid by your to an informant, which leads to the arrest and conviction of parties responsible for an “extortion threat”; and

d. any other reasonable expenses incurred by you with our consent, including:

(1) fees and costs of independent negotiators; and

(2) fees and costs of a company hired by you, upon the recommendation of a security firm, to protect your “electronic data” from further threats.

7. “Extortion threat” means a threat, or a group or series of related threats:

a. to cause an “e-commerce incident”;

b. to disseminate, divulge or utilize:

(1) your proprietary information; or

(2) weaknesses in the source code;

within the “computer system” by gaining unauthorized access to the “computer system”;

c. to destroy, corrupt or prevent normal access to the “computer system” by gaining unauthorized access to the “computer system”;

d. to inflict “ransomware” on a “computer system” or a network to which it is connected; or

e. to publish your client’s “personal information.”

8. **“Negative publicity”** means information which has been made public that has caused, or is reasonably likely to cause, a decline or deterioration in your reputation or in the reputation of one or more of your products or services.
9. **“Personal information”** means any information not available to the general public for any reason through which an individual may be identified including, but not limited to, an individual’s:
- a. ~~s~~Social security number, driver’s license number or state identification number;
 - b. ~~p~~Protected health information;
 - c. ~~f~~Financial account numbers;
 - d. ~~s~~Security codes, passwords, PINs associated with credit, debit or charge card numbers which would permit access to financial accounts; or
 - e. ~~a~~Any other nonpublic information as defined in “privacy regulations”.

10. **“Public relations expenses”** means:

- a. fees and costs of a public relations firm you retain; and
 - b. any other reasonable expenses incurred by you with our written consent;
- to protect or restore your reputation solely in response to “negative publicity.”

11. **“Ransom payment”** means a payment made in compliance with a demand or requirement made by “ransomware.”

12. **“Ransomware”** means any “software” that:

- a. encrypts “electronic data” held within a “computer system”; or
- b. disables a system service or process; or
- c. locks the display at system startup;

and demands or requires a “ransom payment” to decrypt and restore such “electronic data,” re-enable the service or process, or unlock the display.

13. **“Security breach”** means:

The acquisition of “personal information” held within the “computer system” or in nonelectronic format while in the care, custody or control of the insured or authorized “third party” by a person:

- a. who is not authorized to have access to such information; or

- b. who is authorized to have access to such information but whose access results in the unauthorized disclosure of such information.

14. “Security breach expenses” means:

- a. costs to establish whether a “security breach” has occurred or is occurring;
- b. costs to investigate the cause, scope and extent of a “security breach” and to identify any affected parties;
- c. costs to determine any action necessary to correct or remediate the conditions that led to or resulted from a “security breach”;
- d. costs to notify all parties affected by a “security breach”;
- e. overtime salaries paid to your permanent, temporary, or leased employees, or to your officers, partners, or members, for work handling inquiries from the parties affected by a “security breach”;
- f. fees and costs an insured pays to a company hired by you for the purpose of operating a call center to handle inquiries from the parties affected by a “security breach”;
- g. post event credit monitoring costs for the parties affected by a “security breach,” for up to one year from the date of notification of those affected parties of such “security breach.” Credit monitoring means monitoring changes in a victim’s credit file;
- h. the cost of fraud monitoring for victims of a “security breach,” for up to one year from the date of notification of those affected parties of such “security breach.” Fraud monitoring means electronic notification to individuals of changes in their personal identifying information in monitored databases; and
- i. any other reasonable expenses incurred by you with our written consent, in connection with a “security breach.”

“Security breach expenses” do not include any costs or expenses associated with upgrading, maintaining, improving, repairing or remediating any “computer system,” whether as a result of, or to prevent, a “security breach,” or for any other reason.

15. “Software” includes both operating systems and applications software.

16. “Virus” means any kind of malicious code designed to damage or destroy any part of a “computer system” (including “electronic data” in or on the “computer system”) or disrupt its normal functioning.

17. “Third Party” means any entity that you engage under the terms of a written contract to perform services for you.

~~X-XII.~~ The following is added to **Select Business Policy Conditions**:

K. Protective Safeguards

1. As a condition of the insurance specified below, you are required to:
 - a. maintain password protection on all computers and other components of each “computer system.” This requirement applies also to all Personal Digital Assistants (PDAs) and other transportable or handheld devices, electronic storage devices, and related peripheral components that permit the use of password protection;
 - b. install and use, on each “computer,” antivirus software that:
 - (1) can automatically download program updates and updated virus definitions; and
 - (2) is set to automatically download program updates and updated virus definitions; and
 - c. set the operating system of each “computer” to automatically download and install all security updates provided by the publisher of the operating system.

We will not pay for any loss of any kind that results, directly or indirectly, from failure to comply with any part of this condition.

This condition applies only to insurance afforded pursuant to any one or more of the following:

- i. **Select Business Policy Business Income and Extra Expense Coverage Form, E. Additional Coverages, 6. Business Income Extension for Web Sites;**
- ii. **Select Business Policy Building and Personal Property Coverage Form, A. Coverage, E. Additional Coverages: 8. Business Computer Coverage, 9. Laptop Computers – Worldwide Coverage, 10. Public Relations Expense, 11. Security Breach Expense, or 12. Extortion Threat Expense; or**
- iii. **Select Business Policy Business Income and Extra Expense Coverage Form, E. Additional Coverages, 4. Interruption of Computer Operations.**

Except as expressly states above, this ~~E~~ndorsement does not change any other provision of the Policy.

**SELECT BUSINESS POLICY
EXPLANATORY MEMORANDUM
CYBER ENHANCEMENT ENDORSEMENT – COUNTRYWIDE**

The purpose of this filing is to introduce revisions to our Select Business Policy product.

A general description of the revisions is as follows:

This filing involves two similar forms:

SB 82 55 Cyber Enhancement Endorsement Business Income and Extra Expense Coverage Form Actual Loss Sustained up to 12 Months

SB 81 32 Select Business Policy Cyber Enhancement Endorsement

The forms are identical in the changes that were made and only have editorial changes to match the underlying coverage forms being modified i.e. both identically modify the language of the Select Business Policy Building and Personal Property Coverage Form and then each similarly modify either the Business Income and Extra Coverage Form or the Business Income and Extra Expense Coverage Form Actual Loss Sustained up to 12 Months.

Coverage Form:

The coverage change made was the addition of a policy aggregate limit which applies to all Insuring Agreements. No other changes were made to the form other than those needed to work in the overall aggregate wording.

Rule and Rate:

The intent of the addition of an annual coverage form aggregate is to prevent exposure to a catastrophic event, something that was not contemplated when the coverage first entered the marketplace. Cyber coverages have developed over the last few years and the industry standard is to now include these policy cyber aggregates. Again, this is to only control exposure to a catastrophic event as the probability that several losses in one policy period that would exceed the aggregate amount is very low. As such, there is no reduction in premium, but a policyholder notice will be sent on all renewal policies making the policyholder aware of the changes.